Austria Sch22	Indonesia Rp3100	Philippines. Peso40
Bahrain Din0.650	Iran Rls160	Portugal Esc120
Belgium BFr48	Israel NS3.50	S.Arabia Rls7.00
Canada .... C$1.00	Italy L1700	Singapore ... S$4.10
Cyprus .... C£0.90	Japan Y600	Spain Pta145
Denmark . DKr10.00	Jordan Fils500	Sri Lanka Rup30
Egypt .... E£2.25	Kuwait Fils500	Sweden SKr9.00
Finland Fmk7.00	Lebanon ... £1250.00	Switz SFr2.30
France FFr7.00	Lux LFr48	Taiwan .... NT$85
Germany DM2.30	Malaysia Rin4.25	Thailand Bht50
Greece Dr120	Mexico Pes300	Tunisia Din0.800
Hong Kong .... HK$12	Morocco Dh6.00	Turkey L600
Iceland Ikr125	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr10.00	USA $1.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,695 — Wednesday November 16 1988 — D 8523 A

CANADA POLL
Unpredictable to the very last
Page 27

World News

Confusion at the polls in Pakistan's historic vote

Pakistan goes to the polls today to choose a successor to President Zia - killed in an air crash in August.

While all sides called for calm, Ms Benazir Bhutto's Pakistan People's Party claimed widespread confusion had been caused by a new identity card voting system. Page 8

$24m Picasso

Picasso's Maternity, a Blue Period painting of a mother kissing her son, sold for $24.4m at Christie's, New York – the highest price for a 20th century work of art. Page 31

Greeks acquitted

Turkey's State Security Court acquitted four Greeks charged with aiding an anti-state armed organisation. The Greeks should be free to return home today. Page 3

Soviet space first

Soviet space shuttle Buran completed a successful first flight with two orbits around the Earth and Tass said the next step would be the launch of a manned shuttle. Page 2

Cuba cut off by fire

Cuba was virtually cut off from the world for 24 hours after a fire at the Havana headquarters of the state firm Emtelcuba interrupted international telephone and telex communications.

Brazil stocks up

Brazil has ordered more than 1m tonnes of emergency imports of diesel and liquefied petroleum gas and suspended petroleum exports in a bid to reduce the impact of a national oilworkers' pay strike, now in its sixth day. Page 9

SA gun rampage

A neo-fascist white gunman killed three blacks and wounded 16 others when he rampaged through the streets of central Pretoria firing an automatic weapon into mainly black crowds before being overpowered by police and taken away.

Arms talks adjourn

US-Soviet talks on a 50 per cent cut in strategic nuclear weapons and space defence will adjourn today until an unspecified date early next year with serious disagreements remaining. Page 3

Third Jewish attack

Vandals smeared wreaths with excrement at a Jewish memorial site in Wiesbaden, West Germany, where ceremonies marking the 1938 Nazi Kristallnacht pogrom were held last week. It was the third reported attack marking the 50th anniversary.

Bhopal death toll

The death toll from the Bhopal gas tragedy in 1984, when poisonous gas leaked from the Indian subsidiary of the US-based Union Carbide Corporation, has risen to 3,289, Mr Vengala Rao, Indian Industry Minister, told Parliament in a written answer.

Cyprus protest

About 1,000 Greek-Cypriot students stormed the main UN checkpoint on divided Cyprus, tearing their way through the barbed-wire barricades with bare hands, in a protest marking the fifth anniversary of the declaration of a Turkish-Cypriot state.

Business Summary

Brady to stay on as US Treasury Secretary

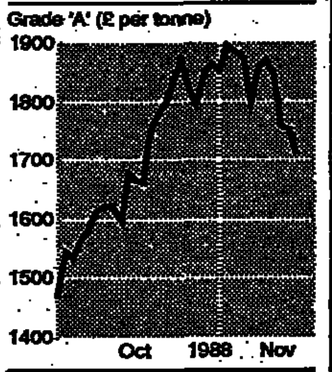
NICHOLAS BRADY is to stay on as US Treasury Secretary in the Bush administration in a move intended to reassure financial markets by underlining continuity of economic policy. Page 28

CALL to reduce the international role of the dollar as a way of bringing greater stability to the world's monetary system was made by Mr Toyoo Gyohten, Vice Minister at the Japanese Ministry of Finance, speaking in London. Page 28.

COPPER prices on the London Metal Exchange came under renewed pressure yesterday, with the cash Grade A position closing at a 4-week low. Traders blamed the £45 fall to £1,702.50 a tonne on a resumption of last week's US "bear raid". Page 48

Copper

Grade 'A' (£ per tonne)



PRIME COMPUTER, the second largest US maker of computer aided design equipment after IBM, has received a $965m takeover offer from MAI Basic Four, a California company only one-quarter its size. Page 29

BRITISH AIRWAYS reported interim pre-tax profits of £222m ($388m) down from £232m in the same period of 1987, partly due to difficulties early in the period in digesting British Caledonian Airways following its takeover. Page 29

SIEMENS, West German electrical and electronics group, has decided not to raise its dividend, which was cut to DM11 ($6) a share last year, despite a marked increase in sales and profitability. Page 29

NEWS CORPORATION, the international media group headed by Mr Rupert Murdoch, reported an 18 per cent rise in first-quarter equity-accounted net earnings, as a result of buoyant trading in Australia, the Pacific Basin and Britain. Page 30

VOLKSWAGEN group earnings increased by almost 7 per cent to DM419m ($235m) in the first nine months against DM393m in the same period last year thanks to the buoyant European car market, rationalisation and the introduction of new models. Page 32

CANADIAN PACIFIC, the Montreal-based resource, transportation and property conglomerate, suffered a sharp decline in net third quarter income after taking into account a C$160.8m ($193m) year-ago extraordinary gain. Page 30

CONTINENTAL, the West German tyre manufacturer, raised group turnover by almost 60 per cent to DM5.6bn ($3.14m) in the first nine months. Page 32

US Securities and Exchange Commission, the regulatory authority for the world's most important securities market, yesterday proposed the first authoritative blueprint for the creation and regulation of a truly global market system. Page 35

HONG KONG Stock Exchange was in chaos as confusion over the restructuring of the television company HK-TVB led to a mid-morning suspension of trading. Page 31

Cuban pull-out pact opens way to SW African peace

By Michael Holman in Geneva

ANGOLA, CUBA and South Africa yesterday paved the way for independence for Namibia and peace in south-western Africa when they reached agreement in principle on the terms of a Cuban troop withdrawal from Angola at talks in Geneva.

The accord, subject to ratification by the three governments at a summit due to be held shortly in Brazzaville, the Congolese capital, would resolve one of the areas of superpower regional tension cited by President Reagan and President Gorbachev, most recently at the Moscow summit.

South Africa has insisted on a Cuban troop withdrawal as a precondition to granting independence to Namibia and ending the 13-year conflict in the region.

Pretoria, which reacted cautiously last night to the outcome of the Geneva talks, is however expected to endorse the deal, allowing implementation of a UN-plan which would lead to elections to a constituent assembly in Namibia in 1989.

A number of complex issues remain to be resolved, ranging from procedures to verify the withdrawal of the 50,000 Cuban troops from Angola, to a non-aggression pact between Angola and South Africa, and the introduction of enabling resolutions at the United Nations would have to assemble the 7,500-strong force to monitor Namibia's transition to independence.

But members of all three delegations to the talks, chaired by Dr Chester Crocker, the US mediator, left little doubt that they expected the agreement in principle to be endorsed by their governments.

Officials in Geneva toasted the outcome of the plenary session that concluded the five-days of talks, the latest in a protracted series of negotiations begun in London in May.

A senior US official paid tribute to the constructive role played during the negotiations by the Soviet Union.

The official stressed that "a good deal of work lies ahead." He was reluctant to forecast the likely response from the three governments, but made clear that should they endorse the withdrawal terms, the largest single obstacle to a regional peace package would have been overcome.

Details of what officials in Geneva termed the "basis for consultation" for the phased withdrawal of the Cuban troops were not disclosed. But it is known to draw heavily on a US compromise proposal put to the three governments last October.

This envisages a phased departure over 30 months, with at least 4,000 troops leaving before implementation of a UN supervised move to Namibian independence.

Four-fifths of the remaining Cuban forces would leave the region within the first 18 months of the 30-month timetable.

A settlement in Brazzaville would mark the end of a long-running guerrilla war in the territory which has been controlled by South Africa since 1915.

It would also end Pretoria's military involvement in Angola and bring closer a settlement of the civil war in Angola between the government of President Eduardo dos Santos and the Unita guerilla movement led by Dr Jonas Savimbi.

Informal talks between the two sides in Angola are already under way, with African states playing a mediating role.

Before returning to Pretoria last night Mr Neil dan Heerden, leader of the South African delegation, said the talks had been "very productive."

Mr Antonio Franca, leader of the Angolan team, said implementation of the agreement could lead to "a most important thing in the region – peace. We are happy with the results we have achieved."

Mr Carlos Aldana, the senior Cuban representative said the delegations were at what he called "the towering moment of the process."

It was not the end of efforts to resolve the south-western African dispute, he said, but added: "We have confidence that the spirit that has prevailed in Geneva will continue."

Pretoria cautious on Angola talks, Page 8; A long war draws to a close, Page 26

Countdown to agreement

1966: South West Africa People's Organisation (Swapo) launches guerrilla war for independence of Namibia.
1975: Angola becomes independent from Portugal. Cuban troops enter Angola at request of new government. Swapo opens guerrilla bases in Southern Angola.
1978: UN security Council passes Resolution 435 envisaging ceasefire, UN monitored elections and peacekeeping force in Namibia.
1982: South Africa, with US backing, says Namibian independence must await departure of Cuban troops from Angola, then numbering 20,000-25,000.
1983: South Africa launches military offensive against Swapo guerrillas in Angola.
1984: South Africa announces troop disengagement from Southern Angola, but fails to complete.
1985: South Africa grants limited powers to interim Namibian Government composed of internal parties. Swapo refuses to participate.
1987: Military build-ups by both sides in southern Angola
1988: May: US mediated talks between South Africa, Angola and Cuba open in London.
August: Angola, Cuba and South Africa agree ceasefire and South African troops withdraw from Southern Angola.

Gorbachev steps up diplomatic pressure in West

By Quentin Peel in Moscow

MR Mikhail Gorbachev, the Soviet leader, is to launch a diplomatic offensive next month aimed at stepping up the pace of East-West disarmament negotiations and reinforcing ties with Western Europe.

The announcement of his longest foreign trip to date – including official visits to Britain and Cuba, a speech to the UN General Assembly and hail-and-farewell meetings with President Reagan and President-elect George Bush – marks the culmination of Soviet diplomatic efforts to keep up strong pressure for detente and promote new ties to balance the superpower relationship.

A key ambition is to persuade both the European and US arms of the Nato alliance of Moscow's genuine desire for radical disarmament in conventional as well as nuclear areas – and to prevent any hiatus in the negotiation process that might be caused by the change in the US presidency.

It also gives Mr Gorbachev an opportunity to set the agenda for East-West relations at a time before Mr Bush is installed in the White House.

His sudden proposal to make a long-promised trip to Britain next month – a suggestion made by the Soviet side only last week, according to officials in Moscow – gives Mrs Margaret Thatcher, the British Prime Minister, a continuing key place in the Soviet leader's international consultations.

Mr Gorbachev's trip to Britain on December 12-14 is seen in London as providing the opportunity for Britain to secure a pivotal role in shaping the agenda for East-West relations at the start of Mr Bush's presidency.

His diplomatic offensive begins this weekend with an official visit to India to meet Mr Rajiv Gandhi, followed by a Franco-Soviet summit with President François Mitterrand in Moscow on November 25.

He will maintain an extraordinary schedule of both international and domestic initiatives by chairing a key meeting of the Supreme Soviet – in his capacity of President – on November 29, at which reforms of the constitution and a new electoral system are to be agreed.

"There is much work to be

Continued on Page 28

Gorbachev to meet Bush in US next month, Page 5; UK visit, Page 13.

Profits at top Tokyo securities companies fall by 26%

By Stefan Wagstyl in Tokyo

JAPAN'S Big Four securities companies suffered an average decline in pre-tax profits of 26 per cent in the year to the end of September, due to the impact of last year's plunge in equity markets and enforced commission rate cuts.

It was the first fall in profits for the Big Four since 1982 when the Tokyo stock market began a powerful bull run taking the Nikkei index of leading stocks from about 7,000 to more than 28,000 this month.

Nomura Securities, the largest Japanese securities company, contained the damage more successfully than its rivals, widening its lead in profits over the three other leading houses.

Nikko Securities, the third-placed company, struggled to maintain its position above fourth-placed Yamaichi Securities. Nikko suffered a Y24.5bn ($199.8m) loss on bond trading, against a Y9.3bn loss in 1987. Yamaichi also posted bond trading losses of over Y20bn.

Nomura said that commission rate cuts of about 10 per cent which were imposed just before Black Monday had a more severe effect on profits than the decline in turnover caused by the fall in equity prices.

The rate reductions covering stock and bonds were imposed under pressure from the Ministry of Finance which acted in response to complaints from institutional investors in Japan and overseas about the high cost of trading in Tokyo. Nevertheless, Tokyo rates remain high by US and UK standards

The impact of last year's plunge in equity prices was smaller in Tokyo than elsewhere. Nevertheless, trading turnover in equities was well below last year's levels, especially in the first six months to the end of March. Turnover has recently recovered to pre-crash levels. Brokers said that if this continued then the first half of 1988-89 could be as profitable as the six months to September.

Overall the four companies suffered declines in brokerage income, the mainstay of the business, of between 14 and 21 per cent. These were partly offset by sharp increases in underwriting fees earned from this year's bumper crop of new issues. At Nomura underwriting income rose 40 per cent.

Sales of government-owned stock in Nippon Telegraph & Telephone and Japan Air Lines

Continued on Page 28

Arafat looks to US for initiative

By Our Foreign Staff

MR Yassir Arafat, leader of the Palestine Liberation Organisation, yesterday urged the US to push Israel towards a Middle East peace settlement after the Palestinian decision to declare an independent state and implicitly recognise Israel.

"The ball is now in the American court," Mr Arafat said in Algiers after this week's decision by the Palestine National Council (PNC), the Palestinians' parliament in exile, to accept UN Resolution 242. "Our political statement contains moderation, flexibility and realism which the West has been urging us to show."

Several countries, including Turkey, Malaysia, Jordan and much of the Arab world immediately recognised the symbolic Palestinian state, but the response in Washington and in most European capitals was predictably cautious.

Mr Marlin Fitzwater, White House spokesman, welcomed the "positive elements" of the PNC meeting but said the US stance towards the PLO had not changed. Resolution 242, which guarantees the right of all states in the region to live in peace within secure borders, has long been regarded by the West as the basis for talks.

Washington, however, has refused to deal with the PLO until it explicitly recognises Israel and renounces violence completely. There was no sign yesterday of any softening of the US position, although Washington is sensitive to suggestions that the PLO is becoming more flexible, just as Israel is becoming more rigid in the wake of stalemated elections and the appointment of the hard-liner Mr Yitzhak Shamir to form the next government.

The plan envisages elections among Palestinians in the occupied territories which if achieved would pave the way for a broader settlement.

The Soviet Union welcomed the PNC's decisions, which amount to a victory for Mr Arafat over his radical opponents in the PLO. Tass, the official news agency, said it was now time for Washington and Tel Aviv to make their own contributions to clearing away obstacles in the way of the peace process.

Israel, preoccupied with political wrangling over the formation of a new coalition government, dismissed the PLO's change of direction out of hand.

The Foreign Ministry described the acceptance of 242 as "double talk aimed at obscuring the PLO's continued recourse to violence, terrorism and extremism."

Palestinians in the Israeli-occupied territories, and Palestinian refugees in Lebanon and Jordan, generally acclaimed the declaration of independence, although some were disappointed at what they saw as a pointless concession to Israel on the issue of recognition.

Britain yesterday described the declaration of a Palestinian state as premature, but welcomed the PNC's call for an international conference.

Euro-currency obsession 'could hinder progress towards 1992'

By Peter Norman, Economics Correspondent, in London

EUROPEAN Community countries should concentrate on "immediate practical steps" to promote economic integration in the EC rather than pursue the final goals of a European currency and central bank, said Mr Robin Leigh-Pemberton, Governor of the Bank of England.

Addressing a foreign exchange conference in Luxembourg, Mr Leigh-Pemberton warned that a "premature obsession" with making progress towards monetary union in the EC could prove an impediment to the completion of the barrier-free Community-wide internal market by its 1992 deadline.

The Governor also made clear Britain was no nearer joining the exchange rate mechanism (ERM) of the European Monetary System. "It is still not obvious that the conditions are yet right for United Kingdom participation in the ERM," he said.

He stressed that the overriding objective of British policy was the reduction of inflation and the Government needed to keep control over interest rates to this end.

Mr Leigh-Pemberton's speech was the clearest statement of British policy towards monetary union in the EC since the Hanover Summit of EC leaders in June decided to set up the Delors Committee to study "concrete steps towards economic and monetary union" in the 12-nation bloc.

Mr Leigh-Pemberton, together with the other EC central bank governors and four outside experts, is a member of the committee which is chaired by Mr Jacques Delors, the President of the EC Commission.

The Delors group's discussions began in September and so far have been shrouded in secrecy. The committee is expected to produce a preliminary report around next April before submitting final recommendations to EC leaders at a summit meeting in Madrid next summer.

The Governor said he believed Britain was not alone in being sceptical about the feasibility of monetary union in the foreseeable future.

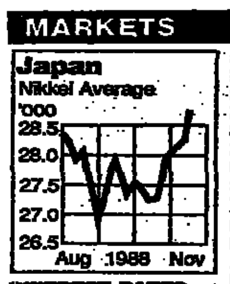
Mr Leigh-Pemberton outlined three practical steps for the EC. He said the EC member states should concentrate on eliminating structural rigidities which hindered economic integration. This was particularly true of labour markets in the EC.

He said more economic policy co-ordination could be achieved through existing EC bodies such as the Council of Ministers, the Committee of EC central bank governors and the EC monetary committee without creating new institutions.

Mr Leigh-Pemberton also advocated greater use of EMS currencies in intervention within the Community.

MARKETS

Japan
Nikkei Average
'000



INTEREST RATES
US lunchtime
Federal Funds $8\frac{11}{16}$% ($8\frac{3}{8}$)
3-mth Treasury Bills: yield: 8.23% (8.02)
Long Bond: $100\frac{31}{32}$ ($101\frac{5}{16}$)
yield: 9.03% (8.99)
London
3-month interbank: close $12\frac{5}{32}$% (same)

STERLING
New York close
$1.8085 (1.8090)
London:
$1.8070 (1.8085)
DM3.1525 (3.1550)
FFr10.7725 (10.7775)
SFr2.6450 (2.6475)
Y223.00 (223.25)

DOLLAR
New York close
DM1.74275 (1.74575)
FFr5.9520 (5.961)
SFr1.4620 (1.46625)
Y123.25 (123.775)
London:
DM1.7450 (1.7445)
FFr5.9600 (same)
SFr1.4630 (1.4645)
Y123.40 (same)

GOLD
New York latest
Comex Dec
$425.6 (-0.1)

STOCK INDICES
New York close
Dow Jones Ind. Av.
2,077.17 (+12.09)
S&P Comp
268.34 (+.62)
London:
FT-SE 100
1,802.3 (+8.0)
World:
134.69 (Mon)
Tokyo
Nikkei Ave
28,829.41 (+308.51)
Frankfurt
Commerzbank
1,580.5 (+14.4)

OIL
Brent 15-day (Argus)
$13.025 (-.75) (Dec)
West Tex Crude
$14.305 (+.7) (Dec)

CONTENTS

Strike-hit Peru braces itself for another austerity package

President Alan Garcia has seen his popularity rating drop to a dismal 16 per cent from the 96 per cent when he first took office. His resignation has been publicly demanded by his opponents. Page 9

Flawless mission by Soviet shuttle

By Peter Marsh

THE Soviet Union moved its space efforts into a new era yesterday with a flawless first mission of its Buran shuttle. Western experts said the flight, which lasted three and a half hours and encompassed two orbits of the Earth, was a convincing demonstration of Soviet technical capabilities.

The delta-winged craft made its maiden flight unmanned and under the control largely of onboard computers. It is expected to move into routine operations next year with one or two flights, each with a crew of several cosmonauts.

Buran is closely modelled on the three craft in the US shuttle fleet, which started operations in 1981.

The Soviet vehicle is expected to add significantly to the country's space capabilities, making it easier to carry crew and materials to and from space stations.

Buran ended yesterday's voyage with a landing on a concrete runway near its launch pad at the Baikonur rocket centre in central Asia.

Mr James Oberg, a US authority on Soviet space programmes, called the flight "a sensational success". While the Soviet Union had borrowed from the US the basic ideas for its shuttle, the country's space engineers had had to develop significant new technologies to make the mission possible.

Mr Nick Johnson, from Teledyne Brown Engineering, a US aerospace company, said the shuttle would probably be used only sparingly at first. However, it would help the Soviet space programme in the 1990s by providing more flexibility in space missions.

The Soviet shuttle comes back to earth escorted by a chase plane.

Mr Max Faget, an eminent US spacecraft engineer who has worked on all the US manned space vehicles, called the mission "a great achievement." In many ways operating a space shuttle unmanned was more difficult than having people on board because a crew could always override computers if necessary.

Soviet officials said their shuttle could carry a crew of 10 and had a bigger payload capacity than the US craft, meaning it can carry more than 30 tonnes.

Wall Street Journal to move some European edition staff to NY

By Raymond Snoddy

THE Wall Street Journal/Europe is planning to edit part of its edition in New York to cut costs at its main headquarters in Brussels. The European edition of the international financial and business daily, which claims sales topping 45,000 a day, will relocate six of its 48 staff.

Mr Robert Keatley, editor of the European paper, said he would be able to call up stories he wanted from Brussels. New York-based editors would then edit them, write headlines and send the finished articles direct to the computer-driven typesetters at the Dutch printing plant at Heerlen.

The move will cut the cost of bringing US citizens to Brussels and maintaining them there. It will also make it possible to run more late-breaking US stories in the European edition.

"We are not retrenching in Europe, we are not retreating from the European edition," said Mr Keatley, who emphasised that there would be no loss of jobs. The Journal plans to print in the UK next year at a new EMAP printing plant at Tonbridge in Kent.

The Wall Street Journal/Europe is still not breaking even but Mr Keatley said yesterday: "It's getting there."

European car sales figures may signal end of rising trend

By Kevin Done, Motor Industry Correspondent

NEW CAR sales in Western Europe dropped by 5 per cent in October to 1.026m vehicles from 1.08m a year earlier, suggesting that the strongly rising trend of the past four years may have been broken.

Figures for the whole of 1988 are still expected to be a record for the fourth successive year at more than 12.6m compared with last year's 12.4m, but several leading European manufacturers are forecasting a small decline in demand next year.

The continuing boom this year has defied earlier forecasts of an imminent fall in demand. In the first 10 months sales were 4.5 per cent higher, according to preliminary estimates.

However, new car registrations last month were lower than a year earlier in ten markets, including two of the big volume markets, West Germany and France. Higher sales were achieved in only six markets.

It is too early to know whether the European market has peaked, however, as both French and West German sales were boosted by special factors a year ago. In France sales jumped in October last year as a result of a cut in the rate of value added tax on cars, and in West Germany sales were pulled forward into the final quarter of 1987 by the reduction of "clean car" tax incentives at the beginning of 1988.

The decline in both markets last month was sharp: 12.7 per cent in West Germany and 14.4 per cent in France compared with October 1987. The figure for the first 10 months is still 3.7 per cent higher than a year ago in France, but 2.6 per cent lower in West Germany, Europe's largest market.

In Britain, now West Europe's second largest market, new car registrations rose 2.6 per cent above the level a year earlier, but that was also the slowest monthly increase this year. The only other West European car markets still growing in October were Italy (8.5 per cent), Spain (15.7 per cent), Portugal, Finland and Austria.

The battle for leadership of the West European car market is intensifying as Fiat seeks to oust Volkswagen from the top position it has held for the three years.

Fiat, which includes Lancia, Alfa Romeo and Ferrari, is being supported by the continuing strength of demand in its home market, of which it controls 60 per cent. It has also been boosted by the launch of the Tipo, its challenger to VW's Golf in the lower-medium segment of the market.

The group's commanding lead in the early months of the year has been whittled away, but after 10 months it is still slightly ahead with 14.8 per cent of the market compared with VW's 14.6 per cent.

In October alone VW led the market despite a 1.4 per cent drop in sales volume, while Fiat increased its sales by 4.4 per cent. VW is being hampered by lower demand in West Germany, where it holds 29 per cent of the market. Its domestic sales volumes were 5.6 per cent lower in the first ten months, while its sales overall in West Europe in the year-to-date are 2.9 per cent higher than a year ago. The Fiat group has increased sales this year by 7.2 per cent.

The main losers among the volume manufacturers are Ford and Renault. The former saw volume drop 0.6 per cent in the first 10 months. Last month alone sales were 14.3 per cent lower than a year ago and the company's share in the year-to-date has fallen to 11.4 per cent from 12 per cent.

At the same time Renault's market share is hovering just below 10 per cent. Sales volume in October was 18.7 per cent lower than a year earlier, caused chiefly by a 27 per cent drop in France.

In the year-to-date its sales volume has declined by 0.8 per cent, the poorest performance of any of the leading European car makers and in marked contrast to the 12 per cent jump in European sales volume achieved by Peugeot, its arch domestic rival.

WEST EUROPEAN NEW CAR REGISTRATIONS
January-October 1988

	Volume (Units)	Volume Change(%)	Share (%) Jan-Oct 88	Share (%) Jan-Oct 87
TOTAL MARKET	11,046,000	+4.5	100.0	100.0
MANUFACTURERS:				
Fiat (incl. Lancia & Alfa Romeo)	1,634,000	+7.2	14.8	14.4
Volkswagen (incl. Audi and Seat)	1,618,000	+2.9	14.6	14.9
Peugeot (including Citroen)	1,404,000	+12.0	12.7	11.9
Ford	1,264,000	-0.6	11.4	12.0
General Motors (Opel, Vauxhall)	1,159,000	+3.2	10.5	10.6
Renault	1,098,000	-0.8	9.9	10.5
Austin Rover	396,000	+7.7	3.6	3.5
Mercedes-Benz	381,000	+1.6	3.4	3.5
Nissan	330,000	+5.2	3.0	3.0
BMW	305,000	+22.8	2.8	2.4
Toyota	302,000	+0.9	2.7	2.8
Volvo	225,000	-0.1	2.0	2.1
Total Japanese	1,254,000	+4.2	11.3	11.4
MARKETS:				
West Germany	2,379,000	-2.6	21.5	23.1
United Kingdom	1,975,000	+10.9	17.9	16.8
Italy	1,852,000	+8.2	16.8	16.2
France	1,762,000	+3.7	16.0	16.1
Spain	886,000	+16.3	8.0	7.2

Source : Industry estimates

Italy tries to speed its tardy cheques

By Alan Friedman in Milan

A NEW clearing system will be launched tomorrow in Italy in an attempt to cut the time it takes to clear cheques inside the country's generally inefficient banking network.

The Bank of Italy and the Association of Italian Banks are aiming to reduce the time it takes to clear cheques between banks in different cities from an average of 28-45 days to nine working days.

At present cheques are sent between banks by post, and in Italy, anyone who receives a letter in less than a week considers himself the beneficiary of a fluke in the system.

The banking system has traditionally profited from the in-built inefficiency of the outdated clearing process. By not crediting cheques for a month or more, banks earn a float on the money being transferred.

Astonishingly enough, several senior bankers involved in the new system have complained of the "cost" associated with offering a more rapid and efficient service.

From tomorrow some 200 banks (out of 1,105) will begin co-operating in 40 cities where Bank of Italy clearing rooms will attempt to homogenise the system. If all goes well more banks should be added.

Although believers in bringing Italian retail banking services up to modern standards are much cheered by the new system, there is less cheer about the treatment of customers who try to cash their cheques in banking halls.

Low-paid clerks in overstaffed branches tend to smoke cigarettes, flirt with their colleagues, make telephone calls, visit the lavatory or simply ignore the crowd of customers who stand before them, not necessarily in a queue, but often in a typically Italian horizontal and circular sea of humanity.

The next step, say a number of possibly over-optimistic Italian bankers, will be to try to get better customer service to the customers.

Bolivia debt deal

The Paris Club of creditor nations has agreed to reschedule Bolivia's debt repayments, following the country's agreement in July with the IMF on a reinforced structural adjustment facility. Payments will be rolled up for repayment between November 1995 and May 1999.

FINANCIAL TIMES

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EUROPEAN NEWS

MEPs put plans for workers' safety in doubt

By William Dawkins in Strasbourg

PLANS to set common European Community standards for workers' safety yesterday opened up a rift in the European Parliament.

The split emerged as Mrs Linda Chalker, the British Foreign Office Minister, and Mr Kristos Sartzetakis, the President of Greece – the country in the EC chair – presented sharply differing views of the kind of EC social policy they wanted to see develop in the run-up to the single market in 1992.

Mrs Chalker warned: "We must not try to create an artifical social dimension that puts new barriers on business. . . . and undermines the achievements of the single market itself." Her comments to the Franco-British Chamber of Commerce strongly echo the scepticism voiced recently by Mrs Margaret Thatcher, the British Prime Minister, in a controversial speech on the EC in Bruges.

In a thinly veiled reference to Britain, Mr Sartzetakis told the assembly that Commission proposals for improving the workers' consultation – separate from the ones on worker safety at the heart of yesterday's debate – "will pre-eminently strengthen economic and social cohesion."

The source of the rift on industrial democracy is an attempt by the Parliament's public health committee to change a package of six Commission directives on safety to oblige employers to consult workforces on the planning and introduction of new technology. The directives cover machine safety, protective gear, heavy load carrying and general factory safety.

The committee's plan, tabled by Mr Kurt Vittinghoff, a West German Christian Democrat, calls for "compulsory participation by workers' representatives on a basis of equality."

A majority of the 518-seat assembly was last night gathering behind the committee's proposal, against opposition from the 45-strong European Democratic Group of Conservative MEPs who want the Commission's plans to go through unchanged. If the required 260 majority of the assembly finally votes to change the Commission's plans this could seriously complicate the worker safety schemes' chances of becoming law.

It could force EC governments into the uncomfortable position of having to adopt the Commission's plan by unanimous votes, instead of the usual qualified majority needed for internal market proposals. That would only happen if the Commission wanted to stick to its original worker safety plans and ignore the changes being debated yesterday.

The Brussels authorities have yet to respond but they only recently rejected a similar attempt by the Parliament to toughen up a Commission plan to protect the safety of workers in the benzine industry.

Norwegian krone under pressure

By Karen Fossli in Oslo

PERSISTENT downward pressure on the krone is likely to force Norway to raise interest rates.

The currency began its downward slide last week forcing the central bank to buy large amounts of krone while selling US dollars and European currencies.

The central bank is committed to defending the krone within a five-point range, from 109.50 – its strongest point in a basket of 14 trade-weighted currencies – to 114.50, its weakest point.

Pressure on the krone stems from speculation that Norway is heading towards devaluation because of the combined negative effects of low oil prices and the low dollar on the country's oil-dependent economy.

Mr Gunnar Berge, the Finance Minister, has ruled out devaluation but said yesterday interest rates would be raised if necessary to defend the krone.

Yesterday the krone index closed at 114.21, down from 114.5 on Monday. The fall followed intervention by the central bank, which purchased some NKr3bn(£251m)-worth of the currency in its defence. By Monday it had used about 10 per cent of its NKr96bn in reserves to buy kroner.

Wide gaps as Geneva talks recess

By William Dullforce in Geneva

US-SOVIET talks on a 50 per cent cut in strategic nuclear weapons and space defence will adjourn today until an unspecified date early next year with serious disagreements remaining in both areas.

However, at the last plenary session yesterday Mr Max Kampelman, the chief US negotiator, assured the Soviet Union that President-elect George Bush, who will be in the White House when the talks resume, was "fully committed to the process under way here in Geneva."

Mr Viktor Karpov, the Soviet Deputy Foreign Minister responsible for disarmament, had complained earlier this month that recent proposals tabled by the US complicated the situation for the incoming administration. He voiced concern about achieving a smooth transition.

Mr Kampelman said yesterday that Mr Bush regarded the talks as a vital and indispensable means for creating a basis for a more stable relationship between the US and the Soviet Union,

The tenth round in the talks will end officially today with an exchange of documents recording the stages reached in drafting the treaties.

Wide gaps still exist over such key issues as ways of verifying compliance, the range limit for the air-launched cruise missiles to be covered and the number to be attributed to heavy bombers, verification of sea-launched cruise missiles, and the counting of mobile intercontinental ballistic missiles.

Mr Kampelman reiterated that President Ronald Reagan's controversial Strategic Defence Initiative, which Moscow wants restricted to research and development, was not a bargaining chip. He also said once again that no treaties would be signed until the Soviet Union had dismantled its powerful, phased-array radar station at Krasnoyarsk in Siberia.

Kampelman: assurances

Rocard calls for European defence body

By Ian Davidson in Paris

THE CREATION of a European Security Institute was proposed yesterday by Mr Michel Rocard, France's Prime Minister, as one of several measures for promoting the ideal of closer European defence co-operation.

He put forward the idea at the opening of the first European defence conference staged by the Institut des Hautes Etudes de Defense Nationale, with civil and military participants invited from the seven countries belonging to the Western European Union (France, Britain, West Germany, Italy and Benelux).

Mr Rocard suggested that his proposed European Institute for Higher Security Studies should be designed to foster a truly European security culture, and should be attached to the WEU. He warmly endorsed the recent agreement to admit Spain and Portugal as full members of WEU.

Mr Rocard enumerated four main principles of European security, in which defence and disarmament should go hand in hand. First, it was essential to reduce arms which could lead to surprise attack, or which could contribute to prolonged war.

Second, the temptations of all-or-nothing, whether nuclear or conventional dissuasion, were Utopian and destabilising. "The link between conventional and nuclear forces is fundamental," he said.

Third, it would be dangerous and counter-productive to give up unilaterally any particular element in the nuclear or conventional arsenal.

Fourth, "we must talk about Europe with all the countries of Europe. Franco-German relations will not, by themselves, constitute the future of Europe. European co-operation must take account of the multiplicity of the states."

He also called for the creation of a "European Transparency Centre" designed for the collection, exchange and interpretation of information.

He called on Mr Roland Dumas, the French Foreign Minister, to put forward precise proposals at the earliest opportunity.

Turkey acquits Greeks

By Jim Bodgener in Ankara

TURKEY'S State Security Court yesterday acquitted four Greeks charged with aiding an anti-state armed organisation. The Greeks, arrested during a human rights demonstration at a mass trial of alleged left-wing militants, should be free to return home today, according to the Foreign Ministry.

However, the judges have substituted a charge of disrupting court proceedings, to be heard on November 24. It was not clear yesterday whether this trial could be in absentia, or whether the four would be required to appear.

They were arrested on November 4 along with 20 other West German and Greek demonstrators at the trial in an Ankara military prison of alleged members of the revolutionary Marxist-Leninist Dev Yol party detained following the 1980 military coup. The other demonstrators were summarily deported.

The affair is not as controversial in Turkey as it appears to be in Greece, where there have been angry demonstrations in front of the Turkish embassy in Athens. The mayor of Athens, Mr Milthiadis Evert, flew into Ankara on Monday on a mission to "take my citizens back to Greece."

Commission calls for 'virtual' ban on CFCs

By Tim Dickson in Brussels

THE European Commission yesterday underlined the growing importance which it attaches to environmental issues by calling for the "virtual" elimination of chlorofluorocarbons (CFCs) by the year 2000.

CFCs are one of the gases which contribute to the so-called greenhouse effect, the build-up of gases in the atmosphere and rise in the earth's temperature, which is widely seen as one of the most severe environmental threats.

Earlier this year, member states of the Community agreed to sign up to the terms of the Montreal protocol - committing themselves to a halving of CFC production by the end of the century - but yesterday's signal that the Commission intends to go for an almost complete ban is a significant new step.

The US and even some manufacturers which are far advanced in developing alternatives have been making similar noises in recent weeks but the latest move by Brussels could have an important influence on the attitude of other producers like the Soviet Union and Japan.

Launching a report on the greenhouse effect, Mr Stanley Clinton Davis, the EC's environmental commissioner, said yesterday that "we owe it to this planet and to future generations to act with speed and determination. We have to rethink many of our basic assumptions and introduce new policies first to slow down and then to reverse this potentially disastrous phenomenon."

Poll finds most Swedes in favour of joining EC

By Robert Taylor in Stockholm

THE OVERWHELMING majority of Swedes believe their country will eventually become a full member of the European Community, according to the results of a public opinion survey published yesterday by the country's leading poll organisation, SIFO.

Only 10 per cent of those polled thought Sweden would never join the EC , while 40 per cent expected membership before the end of the century.

The findings of the survey do not suggest great hostility to the idea of belonging to the EC among most Swedes. Indeed over half the SIFO sample said they thought that Swedish EC membership would be good for their own living standards.

In spite of Sweden's traditional political neutrality, most people said an association with the EC would be good rather than bad for the country's security.

The majority also appear to be in favour of a free market in labour within the EC, with over 60 per cent saying they would like to have the opportunity to take a job inside the Community.

However, Swedish national loyalties remain very strong. Only 5 per cent of the SIFO poll said that they felt more European than Swedish. Men are much more enthusiastic about the EC than women, and younger Swedes are much more positive about EC membership than older people.

The political breakdown of attitudes in the survey shows that there is the greatest support for Swedish membership of the EC among centre-right parties, moderates and the Liberals,

More power proposed for Belgium's regions

By David Buchan in Brussels

A FAR-REACHING Belgian devolution plan which, from the start of next year, would transfer a third of all current national revenue to the three regions of Flanders, Wallonia and Brussels was presented to Parliament yesterday by Mr Wilfried Martens, the Prime Minister.

Belgium's last attempt at constitutional reform in 1980 put a mere 8 per cent of public revenue in regional hands. Now, with the proposed transfer to the regions of responsibility for education, public works and transport, the share of public funds going annually into the regions will rise to BFr600bn (£9.2bn), or 30 per cent of the national budget.

The regional financing bill is a careful compromise designed to win the support of the five-party coalition, which in turn has the two-thirds special parliamentary majority needed.

The basic principle is that the share-out of funds should be based on regional collection of national income taxes. This would greatly benefit the richer Flemish, out of whose pockets come 58 per cent of all income tax receipts, compared to 12 per cent for the linguistically-mixed Bruxellois, and 30 per cent for the French-speaking Walloons in the south.

But to cushion the shock for the Walloons, who at present receive a substantial subsidy from Flanders, there is to be a 10-year transitional period with a corrective mechanism. This is to take the form of a national "solidarity" payment amounting to BFr468 per inhabitant and calculated on the difference between a region's average tax receipts and the national tax average.

Provided Mr Martens' coalition of French and Flemish-speaking Christian Democrats and Socialists, plus the Flemish national Volksunie, holds together, the draft law appears sure of passage. How it will work in practice is another question. For instance, the 100km Brussels-Liege autoroute weaves in and out of Flanders and Wallonia. With the transfer of transport responsibilities to those regions, responsibility for that one stretch of road will change seven times along the way.

WORLD TRADE NEWS

National grids concerned as the 1992 deadline approaches

By Maurice Samuelson

THE COUNTRIES of western Europe are deeply divided over the European Community's hope to establish a free market in electricity between electricity utilities as part of the 1992 plans for a single economic entity.

Dr Felix Bruppacher, of the Swiss utility Elektrizitäts-Gesellschaft Laufenburg, said concern about the 1992 deadline was felt by many of 12 states whose national grids already exchange large quantities of power and serve some 300m consumers.

He was speaking in London at the second Financial Times conference on international electricity.

The 12 countries, which belong to the Union for the Co-ordination and the Production and Transmission of Electric Power (UCPTE), include non-EC states such as Switzerland and Austria, as well as EC members such as West Germany, France, Italy, Belgium, Luxembourg, Spain and Portugal.

Britain is not a member of the union, even though it exchanges electricity with the Continent through a direct current cable link on the bed of the English Channel.

According to Dr Bruppacher, the European Commission has decided that access to the 12-nation network, at present limited to national utilities, should be thrown open to electricity consumers and private generators.

Using the network as a "common carrier," they would be able to negotiate the best available prices at which to secure their power requirements or sell the surplus of their own generating capacity.

The idea of a single electricity market, said Dr Bruppacher, was welcomed by some countries with excess capacity, such as France, and by consumers who paid more than the lowest price available on the international power market, such as German industrial consumers which were asked to subsidise their country's coal industry.

The Commission had decided access to the 12-nation network should be thrown open

However, most members of the UCPTE seemed far from enthusiastic about the Commission's intentions. They claimed that the Commission paid insufficient heed to the need to operate and maintain the sophisticated international system without undue interference from third parties.

UCPTE members with high taxes or other obligations, such as the German power stations' need to burn domestic coal, might welcome more competition as long as they could obtain fuel on similar conditions to those of their competitors.

Other utilities might face political handicaps, such as restrictions on their use of nuclear power or tight pollution controls. They might ask for similar conditions as their competitors before agreeing to compete with cheaper power.

Lastly, there was a fear that the Brussels administration would interfere in a field in which UCPTE, with its de-centralised non-bureaucratic approach, had provided security for the past 30 years.

Mr Don Miller, chairman of the South of Scotland Electricity Board, who presided at the morning session, referred to widespread doubts about nuclear power by saying that in Scotland, "nuclear power has never been in better shape."

The success, he suggested, "has something to do with our remoteness from the Whitehall political machine." This remoteness had enabled the Scots "to manage the business in the interests of our customers, to make decisions based on sound engineering principles instead of in response to political pressures and the Buggins Turn syndrome which has influenced, to a much greater degree, the rest of the UK nuclear programme."

FT CONFERENCE

WORLD ELECTRICITY

Mr Takuo Yamauchi, of Chubu Electric Power, one of Japan's nine biggest power utilities, said that as the end of the century approached Japanese electricity faced the challenge of the "second privatisation" as electricity came to be viewed more as an ordinary commodity and as worldwide de-regulation continued apace.

WORLD TRADE NEWS

Brussels plans to ease Community border controls

By David Buchan in Brussels

BUSINESSMEN carrying their commercial samples, musicians their instruments, artists their pictures, even car repairmen their spares parts, would only have to submit to one inspection at border-crossings inside the European Community, if EC governments agree to a new Commission proposal.

The Commission is hoping that border controls – rather like the state in marxist theory – will wither away by 1992, and its latest proposal is designed to accelerate this process.

Under a current scheme due to expire in mid-1989, commercial samples and personal professional equipment can be shipped across internal EC frontiers relatively easily with a standardised customs declaration. But this declaration still has to be checked twice at every internal EC border.

The Comission proposes that the traveller now submit his declaration to inspection by customs officials of the country he is entering, and not the one he is leaving.

Brussels is also proposing a new scheme to allow certain goods to circulate freely within the Community for a 12-month period.

Japan may win Turkey Airbus leasing deal

By Jim Bodgener in Ankara

JAPAN'S C Itoh Leasing is favourite to provide financing of around $120m for the Turkish state airline Turk Hava Yollari (THY) to add two more Airbus-310s to its fleet.

The Japanese company has offered an attractive leasing arrangement, the best out of 19 bids from Western institutions, say officials.

The deal is expected to be signed at the end of the month. According to its terms, C Itoh will extend the funds for payment to Europe's Airbus Industrie in 24 equal instalments with a 20 per cent "balloon" payment at the end of the 15 year lease period.

THY will obtain operating rights for the aircraft during the lease, at the end of which the aircraft will pass into its ownership. The leasing option was preferred earlier this year by THY over a straight commercial credit deal put together by a group of Dresdner Bank, Credit Lyonnais and Midland Bank. THY then went out to international tender for the financing in May, and received 18 bids back, among which leasing predominated.

The deal falls within an overall long-term expansion programme for THY. It it obtained two Airbuses last year through a leasing deal as well. It is also negotiating to purchase three long-range passenger aircraft at a cost of around $300m to open up routes to the US and Japan.

The three manufacturers competing for this deal are McDonnell-Douglas with its MD-11, Boeing with its 747-400, and Airbus Industrie with its A-348.

● Turkey's gendarmerie has awarded a contract valued at around $45m to the US company Sikorsky for the supply of six Blackhawk multi-purpose helicopters.

The paramilitary police is not considered eligible for foreign military sales credits which normally support US exports of military equipment. Nor does the US Export-Import Bank support sales of military hardware. Thus Sikorsky was forced to offer a straight commercial package.

Its closest competitor was France's Aerospatiale.

EC reminds Tokyo of commitment to reciprocity

By Ian Rodger in Tokyo

MR Karl-Heinz Narjes, an EC vice-president and Comissioner for Industry, said in Tokyo yesterday the European Community would endeavour to work towards a strengthening of the multilateral system "on a basis of reciprocity and mutual advantage."

To the apparent irritation of the Japanese Mr Narjes reiterated the EC's defence of the notion of reciprocity as being the foundation of all trade negotiations, and noted that it was enshrined in the General Agreement on Tariffs and Trade (Gatt).

Japanese trade officials have long been frustrated by the European Commission's demands for "reciprocity", "balance of benefits" and similar concepts in their bilateral negotiations.

Mr Hidehiro Konno, director of the international economic affairs division in Japan's Ministry of International Trade and Industry (Miti), said in an interview yesterday that he thought many EC officials were deliberately using the notion to confuse issues. He suggested there were four criteria by which the recourse to the notion of reciprocity should be assessed in trade negotiations.

● The Gatt agreement refers to reciprocity of opportunity, which is desirable, not of reciprocity of result, which the EC often seems to be seeking, according to Mr Konno. Results come about because of the relative performance of traders over which governments have no control.

● The idea of overall reciprocity in trade negotiations is acceptable, but not reciprocity in specific sectors, such as cars. The process of bilateral or multilateral negotiation often involves one party giving on one issue in return for concessions from others on other issues.

● The decision on whether reciprocity is being achieved should be made by agreement, not imposed unilaterally by one side.

● Any recourse to the reciprocity argument should be assessed for whether it contributes to an expansion of trade or represses it.

US takes moral high ground on hormones

Tim Dickson reports on the prospect of an EC-US war over a growth hormone ban

AT the moment it looks like a classic confrontation between the immovable object and an irresistible force. "Put it this way," explained one diplomat in Brussels this week, "both sides are defending a basic principle and neither has yet shown any sign of being prepared to climb down."

The subject of growth hormones for farm animals might seem unlikely to arouse bitter passions between the European Community and the US. Yet, barring an unexpected breakthrough at Friday's crucial talks between Mr Clayton Yeutter, the US Trade Representative, Mr Richard Lyng, the US Agriculture Secretary, and members of the European Commission, Washington is set to launch massive retaliatory action against the EC early in the New Year when the 12 nation bloc's controversial embargo on imports of hormone implanted meat finally comes into effect.

Several hundred million dollars of products – including meats, cheeses and other packaged foods – may initially be at stake, but the prospect of growing tit for tat hostilities and a rupturing of EC-US relations at a vital juncture in the Uruguay Round arguably worries officials on both sides of the Atlantic even more.

The story of the EC hormones ban combines human tragedy, rampant consumerism, murky politics and, to put it at its most polite, a trail of stumbling diplomacy. The main issue at the moment, however, is the US assertion that the prohibition has no scientific justification and that the forthcoming bar on around $150m of its meat exports to Europe is a totally unacceptable barrrier to international trade.

The background to the EC's decision can be traced back to 1980 when consignments of veal-based baby food in Italy were found to contain huge quantities of the unlicensed hormone diethyl stilboestrol.

> Washington is set to launch massive retaliatory action against the EC early in the New Year

Distressing reports of babies growing breasts and enlarged genitals inspired an EC-wide ban on the group of hormones known as DES, but pressure from Green parties and other consumer groups for an outright ban on all hormones was starting to grow.

The ban finally came amid highly-charged and bad-tempered scenes at a Council of Ministers meeting in Luxembourg in December 1985. The controversy rested mainly on the fact that the European Commission's original draft proposal, providing for the outlawing of the most common artificial products such as trenbolone acetate and zeranol, did not cover "natural" hormones, notably progesterone, testosterone and oestradiol 17 Beta, on the grounds that there was no scientific evidence to warrant including them. It was only after an overwhelming vote in the European Parliament against all hormone substances that the Brussels executive later changed its mind.

"If you legislate in haste, you repent at leisure," Professor Eric Lamming of Nottingham University, chairman of the EC experts committee which had cleared the safe hormones, said at the time in words that for many in the Community will now seem remarkably prophetic.

The decision provoked a storm of protest, not least from the British Government which mounted a long but ultimately unsuccessful challenge in the European Court of Justice on the grounds that the Council of Ministers had broken its own procedural rules. It inspired a bitter outcry from the multinational drug companies (losers to the tune of many millions of dollars in lost sales), who took the unusual step of forming their own lobby – the European Federation of Animal Health (FEDESA) – and launching a high profile campaign.

But most seriously of all it created unconcealed anger and dismay in the US, whose farmers have long used natural hormones to fatten their beef cattle and whose exports of meat to the EC were therefore to be excluded by the ban.

In time-honoured EC fashion Brussels staved off the threat this time a year ago by providing a one year exemption for American meat (which consists mostly of offal but also includes an important 10,000 tonne quota of high quality beef). Everyone knew this solution was just buying time, but in the absence of any progress in behind the scenes bilateral negotiations the inevitable confrontation only appears to have been delayed.

The trouble, as most observers and participants see it, is the grim intransigence of both sides. The Americans, who according to one farm lobby group in Brussels "have made themselves as plain as plain can be" on this issue, believe they occupy the high moral ground, especially at a time of strenuous negotiation in the General Agreement on Tariffs and Trade to remove or reduce farm trade barriers generally.

> The trouble, as most observers and participants see it, is the grim intransigence of both sides

The European Commission, on the other hand, while privately admitting that the Community is on shaky scientific grounds, insists that the blanket ban was a legitimate political response to consumer concerns

Ahead of this week's last ditch talks both sides have largely refrained from inflammatory talk – but according to well-placed sources in Brussels and Washington the US has three key weapons up its sleeve.

First are tariffs on about $100m of EC food and drink exports – announced by President Reagan this time last year but suspended when the Community agreed to the 12 month extension.

Second is a bar on EC cheese exports, notably the 14,000 tonne quota which Brussels has always claimed (ironically against Washington's wishes) is inextricably tied under Gatt rules to the EC concession on high quality beef.

Finally, and potentially most damaging, is the possibility of a total ban on EC meat imports (worth around $450m in 1987) under the 1988 US trade law's "reciprocal mean inspection" provision. This follows the widely publicised discovery of illegal hormone cocktails in Europe this year, notably in West Germany – a development which consumer groups say underscores the need for a properly enforced blanket ban and which industry lobbies like Fedesa say supports arguments for "the five entirely safe hormones." Mr Michael Leathes, Fedesa's secretary general, says: "It is not surprising that a black market has mushroomed."

In a neat reversal of roles the Americans may soon be saying that in view of this development European meat is potentially dangerous for their consumers.

Italy faces Moscow credit hurdle

By John Wyles in Rome

ITALY'S L1,040bn (£439m) trade credit to the Soviet Union, unveiled with style and panache in Moscow last month, has been tripped up by a bizarre exchange between Mr Giuliano Amato, the Treasury Minister, and Mediocredito Centrale, the state institution which is organising the credit.

Designed to finance Soviet purchases of Italian plant and machinery for manufacturing a variety of consumer goods, the credits offer interest rates of 7 per cent to 7.5 per cent at a discount to "consensus" rates agreed within the OECD of 8 to 9 per cent for the Soviet Union.

Declaring that he had no intention of blocking the agreement, Mr Amato yesterday released the details of a letter he has written to the president of Medio-Centrale which appears to be critical of its terms and is adamant that no public money can be used to subsidise the lower rates.

Mediocredito says its board has confirmed the credits are in line with international agreements and the cost of the subsidy for bridging the gap between the OECD rates will be borne by Italian exporters.

In his new letter, Mr Amato implies that granting the lower rates will encourage other countries to align their credits on the Italian rates. Neither Italian law nor international agreements would permit the payment of any subsidy to allow Italian exporters to lower their prices to gain an advantage, says Mr Amato.

The Minister's intervention may be partly designed to allay any anxieties among Italy's OECD partners that Rome is anxious to extend special treatment to Moscow in the midst of an international debate about the scale of concessions to President Gorbachev's perestroika.

Hong Kong TV makers prepare for EC inquiry

By Michael Marray in Hong Kong

HONG KONG television set manufacturers met officials from the territory's Trade Department yesterday to map out a strategy to deal with the European Community's investigation into allegations of dumping. The EC inquiry was initiated by a complaint from the European Association of Consumer Electronics Manufacturers.

The Commission launched an inquiry early this year into small colour television sets imported from South Korea, but this has now been widened to include those made in Hong Kong and China.

Under EC dumping regulations the Commission constructs its own estimate of a fair price for Hong Kong-made television sets. If they are sold below this price it is said to constitute dumping and the EC can impose extra duty on the imported goods.

Last year China and Hong Kong together shipped over 600,000 of the sets into the EC, at prices up to 50 per cent below those for EC manufactured sets.

Palestinians abandon the old dream in favour of a hard-won unity

Andrew Gowers reports that the PLO's renunciation of its old territorial claim has put Israel on the defensive politically

AT the same time as Israel seems to be shoring up its barricades against an international peace conference on the Middle East, the Palestine Liberation Organisation has launched its own initiative aimed at convening just such a meeting.

At long last, the PLO has endorsed the key internationally accepted principles of a compromise solution to the conflict. Early yesterday at a meeting of its National Council in Algiers, the PLO formally renounced its claim to the whole of what used to be British-ruled Palestine by declaring its acceptance of a two-state solution.

It also calls for an international Middle East peace conference on the basis of two UN Security Council resolutions, 242 and 338, which recognise Israel's right to exist within secure borders, coupled with guarantees of the Palestinians' "legitimate national rights."

But in Israel itself, negotiations contionued on the formation of a coalition government under Mr Yitzhak Shamir, a prime minister who believes the Jewish state should hold on to every inch of what it calls Greater Israel and is firmly opposed to any negotiated withdrawal from the territories occupied in the 1967 war.

The PLO's new statement is one more sign that the dynamics of the Middle East conflict are undergoing a fundamental change, principally as a result of the Palestinian uprising in West Bank and Gaza. In a political rather than military sense, Israel is on the defensive, as it demonstrated yesterday by sealing off the occupied territories to forestall any demonstration of support for the PNC's unilateral declaration of independence.

Meanwhile, the Palestinians have developed for the first time a clear and united negotiating strategy aimed at securing Israel's withdrawal to its pre-1967 borders and the eventual establishment of a state of their own alongside.

The decision does not go the whole distance in that recognition of Israel is left implicit. It can also scarcely be described as anything other than long overdue. Resolution 242 has been on the table for 21 years, but persistently rejected by the PLO because it deals with the Palestinian problem merely as one of refugees.

The UN partition plan on which the PLO bases its declaration of independence has been around since 1947 and was vehemently rejected at the time by the Arabs, underestimating their own weakness.

But the PLO's statement is important for all that. It marks the definitive abandonment of the old dream of setting up a democratic bi-national state in all of Palestine, and goes significantly further than the organisation's 1974 pledge – repeatedly endorsed since by Arab states – to establish Palestinian sovereignty "on every part of Palestinian land to be liberated." Henceforth the claim to a state will be confined explicity to the West Bank and Gaza, and in any international peace conferrence will be coupled with respect for Israel's sovereignty and territorial integrity, as provided for under 242.

Handshake of victory between old opponents Habash and Arafat.

Significantly, there has been absolutely no mention this week of the Palestine National Covenant, the PLO's founding charter which talked of armed struggle to "purge the Zionist presence from Palestine." As the Israeli Government will no doubt point out, there is no suggestion that this has been formally abrogated or modified, but it would appear to have been quietly consigned to the dustbin.

Just as important for the PLO is the fact that the key decision was taken by a majority vote on Monday night without provoking a damaging split. For 20 years, the organisation has been hamstrung by disagreements between its disparate factions and their far-flung constituencies.

For the 19 years since he became PLO chairman, Mr Yassir Arafat has had the exacting job of trying to keep these various groups basically united in the cause of Palestinian nationalism. He has not always succeeded. But to survive as long as he has, he has had to play all things to all men, in the process frequently exasperating to his Western interlocuters.

This time, at least in theory, it should be different. Dr George Habash, the Marxist leader of the Popular Front for the Liberation of Palestine, who is Mr Arafat's main internal opponent, continues to harbour grave reservations about accepting 242. But he has agreed to abide by the majority decision, replacing his former revolutionary slogans with a call for "unity until victory." Clearly the old man has mellowed.

PLO leaders are hailing the decision as a sign of new political maturity. "The most important thing about this PNC which distinguishes it from previous meetings is that policy is decided along democratic lines," said Mr Salah Khalaf, Mr Arafat's effective number two. "This means that everyone is prepared to take serious, responsible positions."

The process was undoubtedly helped by the Soviet Union, which has been working hard to persuade the Palestinians of the need for realism ahead of an international conference which would institutionalise its own role in the Middle East.

But the emergence of the new consensus is above all the fruit of the Palestinian uprising, which has provided a fresh focus for the PLO and strengnthened the voice of moderation. In the absence of a military option – and the dispersal of the PLO's forces since the 1982 Israeli invasion of Lebanon means that armed struggle is little more than a pipedream – it is the inhabitants of the occupied territories that are doing the resisting, and they broadly accept the need to co-exist with Israel.

Mr Arafat has been working hard to consolidate the PLO's role as "sole legitimate representative" of these people. His success yesterday means that he will speak from a position of new political strength if he is allowed to visit New York to address the UN General Assembly in the next few weeks.

The question now is what the PNC's outcome will achieve in practice. PLO leaders are under no illusions that the move means the end of their problems with Arab regimes. Their relations with Syria remain appalling and their dealings with Jordan are characterised by deep suspicion. Both are countries with which the PLO will have to deal seriously if an international conference is to get off the ground.

The most important question is whether the PLO's concessions this week will be sufficient to bring progress towards such a conference. They will certainly not cut much ice among Israelis – but that is not the immediate point. The PLO's real aim, as Mr Arafat made clear at the start of the PNC session last Saturday, is to persuade President-elect George Bush to reappraise America's Middle East policy.

"I hope and request on behalf of the Palestinian people that President Bush will adopt a new policy, not aligned with Israel," he said. "We do not request anything unachievable but only justice and equity."

Mr Khalaf believes that the US will be forced into a rethink by the Palestinian uprising; by King Hussein's disengagement from the West Bank, which removed America's and Israel's favoured negotiating partner from the game; and by the climate of superpower detente.

The PLO leadership also reckons that it has a chance of encouraging the European Community to stiffen its position, which is not that far from the policy stated by the PLO yesterday, and that this may have an impact in Washington. But its ultimate hope seems to be that Washington and Moscow will respond to its initiative by making a joint effort to resolve the Arab-Israel conflict in the next year or so.

Given the likely hue of the next Israeli Government, that would involve Mr Bush in something which American presidents do at their political peril: putting serious pressure on Israel for concessions. Even then, there is no guarantee that this will evoke a response: contrary to the PLO's sometimes simplistic view of Israel as an American pawn, the Jewish state has considerable capacity to defy Washington's wishes with impunity.

Moreover, the Administration is bound by a three-year-old law stipulating that it cannot deal with the PLO until the organisation explicitly recognises Israel's right to exist. Dr Habash may therefore be right in suggesting that the PLO, having been metaphorically asked to "take off its jacket" at this PNC, will simply be made to remove its shirt and trousers as well before going to a peace conference. Mr Arafat may have pulled off his greatest political coup this week, but the struggle for independent statehood still looks like a long haul.

Celebrations defy Israeli army

By Andrew Whitley in Jerusalem

THOUSANDS of Palestinians in the Israeli occupied territories took to balconies and roof tops last night to celebrate the formal declaration of an independent state by the Palestine National Organisation. Demonstrators defied a massive army presence and curfews covering over two thirds of the territories' 1.7m population.

Israel's normally quarrelling politicians united for the day to dismiss the PLO's pronouncement, and promised to launch an all-out diplomatic offensive to confront attempts to gain international recognition for the geographically undefined Palestinian "state".

Mr Yitzhak Shamir, the Prime Minister, who categorically rejects any dealings with a body he always brands as terrorist, said Israel would aim to convince all nations that "giving recognition helps those who are trying to exterminate the state of Israel".

However, the private fears of many of Israel's leaders – that international recognition could snowball, setting back the Jewish state's constant efforts to break out of its diplomatic isolation – were aired by Mr Ariel Sharon, a prominent "hawk" tipped to become Foreign Minister in the new government. "There is no doubt that following this recognition there will be economic pressure on Israel," he warned.

In the Gaza Strip on Monday night, local residents said that fireworks were set off and singing and chanting echoed across the streets of Gaza City for hours, despite Draconian threats from the army. Those taking part in celebrations had been threatened with up to five years in jail.

To dampen any repetition, the Israeli authorities were said last night to have cut electricity supplies to the entire region – home to some 650,000 people. One purpose of this step may have been to prevent Palestinians watching television broadcasts from neighbouring Arab countries.

After a quiet day in the West Bank, as darkness fell, many people came out of their houses in towns across the region to voice their support for a declaration an Israeli leaflet had said was "an idle dream".

In a parallel action, said by its organisers to have been coincidental, most of Israel's 700,000-strong Arab minority also staged a general strike yesterday, closing down shops, businesses and services. The action was nominally over the destruction by the authorities last week of houses built without permits.

Israelis in bid to keep coalition

By Tony Walker in Jerusalem

THE leaders of Israel's two main political blocs were due to meet last night to explore possibilities of continuing the country's "national unity" coalition that has ruled uneasily since deadlocked elections in 1984.

However, major obstacles stand in the way of a deal. Influential figures in both the rightist Likud and centrist Labour parties are opposed to a continuation of an administration that many believed had outlived its usefulness.

Fears of a secular backlash against a rightist government in which religious parties play too big a role, are believed to have prompted Mr Yitzhak Shamir, leader of Likud, to open talks with Labour about a renewed coalition.

"I have always supported a broadly-based government," he declared yesterday after being asked by Israel's president to form a new administration, following this month's election which failed to produce a clear-cut result.

President Chaim Herzog has been urging Labour and Likud to join forces to introduce electoral reform that would reduce the number of parties which gain representation in the 120-member Knesset, or parliament.

Under Israel's proportional representation system, a party can secure Knesset representation with less than 1 per cent of the popular vote. No fewer than 15 parties will be represented in the new parliament, complicating efforts to form a new government.

Discussion between Mr Shimon Peres, the Labour leader, and Mr Shamir was likely to focus on such issues as the allocation of portfolios in a new coalition. There is strong opposition within Labour to accepting a subordinate role in a new administration.

Mr Shamir, whose party secured the most seats at the November 1 poll, is being given first chance to form a government. The announcement earlier this week that the two largest ultra-orthodox religious factions would join a Likud-led government seemed to foreclose the possibility of a renewed partnership between Labour and Likud.

Mr Shamir appears to have little enthusiasm for a coalition that would include strictly orthodox parties and at least one extreme-right splinter group demanding an expanded Jewish settlement programme in the occupied territories.

Labour favours trading land for peace in the occupied territories. Likud is opposed to territorial compromise.

Narjes demands Japan pay EC for past loss of trade

By Ian Rodger in Tokyo

MR KARL-HEINZ Narjes, vice president of the European Community, demanded yesterday that Japan pay some form of compensation for the long period in which its markets were closed to EC manufacturers.

Mr Narjes, in Tokyo for two days of meetings, said in a speech to foreign journalists that Japan and the US had to make great efforts to find a "balanced solution" to their bilateral problems. "One building brick of a solid bilateral base should be a determined effort to overcome the burden of the protectionist Japanese past in some critical sectors," he said.

He added that EC officials would have to discover "sector by sector, what it meant to have been cut off from the Japanese market for a long period while Japanese companies were developing marketing networks in Europe".

He said there was nothing unusual in his demand; the General Agreement on Tariffs and Trade provided a mechanism for compensation of injured parties. He saw it as a part of the "normalisation" of trade relations with Japan.

Japanese officials were startled by the demand, which Mr Narjes apparently did not make directly in a 80-minute meeting yesterday afternoon with Mr Hajime Tamura, Minister of International Trade and Industry. One Miti official said he had never heard of such a demand.

Mr Narjes was guarded in his public comments on the controversy over Japanese car exports to the EC. According to reports from Brussels last week, the EC wants Japan to restrict exports at the current level for the next three years. Miti officials said Mr Narjes told Mr Tamura that there was a need for a "guideline" on Japanese car exports to the EC. However, it was not clear who would set the guideline or what would be included in it.

Mr Tamura expressed Japanese concerns that the EC would become protectionist following the creation of the single internal market in 1992, but Mr Narjes insisted that the EC remained committed to the multilateral trade system.

Mr Tamura also renewed Japanese demands that residual quotas and other limits on the export of some 131 Japanese products to various EC countries be removed.

Money supply growth rate put at 11%

THE year-on-year rate of growth in the Japanese money supply picked up last month to 11 per cent, compared with 10.6 per cent in September, according to figures published by the Bank of Japan yesterday, Stefan Wagstyl reports. The central bank said a sharp increase in issues of commercial paper, as well as investments in certificates of deposits caused the increase.

The growth rate has fluctuated between 10 per cent and 12 per cent for most of this year, reflecting the strength of the underlying economy. The Bank of Japan earlier in the year expressed concern about the threat of renewed inflation but recently its worries have been eased by the decline in oil prices and a surge in the yen on currency markets.

Any vestiges of concern about inflation will have been eased by a 0.6 per cent month-to-month fall in wholesale prices, announced yesterday.

Taiwan starts to allow in visitors from China

By Bob King in Taipei

TAIWAN'S first invited visitor from China in almost 40 years has arrived in Taipei under a new programme that allows Chinese to visit sick relatives here or to attend their funerals.

Miss Chien Yi, a professor at China's Chinghua University who is currently doing research in the Netherlands, flew from Hong Kong to visit her 94-year-old father, Mr Chien Mu, a retired professor, who is in hospital.

The visit marks yet another milestone in Taiwan's increasingly liberal attitude toward China, its arch-foe of almost 40 years. The Government late last year began allowing Taiwan residents to visit their close relatives in China; so far, more than 230,000 people have made the trip.

But mainland Chinese were not allowed to reciprocate until last week, when the Government began accepting applications from families here to sponsor visits by their relatives in China. By Monday, the government had received more than 70 applications.

Miss Chien told reporters that she may stay in Taiwan for as long as two months – the maximum period allowed under the new rules – depending on the condition of her father's health. Mr Chien fled China with the Nationalist government after the communist victory in 1949.

President Lee Teng-huei of Taiwan yesterday continued to loosen controls over private contacts across the Taiwan Straits by instructing the mainland affairs commission to end a ban on visits by teachers to China. Educators, civil servants, and active-duty military personnel were excluded from last year's liberalisation that opened up visits to China.

● In a related development, sentiment in the Government is apparently undecided over whether to seek dual recognition from nations which currently recognise Peking or which may be thinking of switching relations from Taipei to Peking.

Over the weekend, Mr Chen Yu-chu, Foreign Ministry spokesman, said that the Government would "carefully consider" establishing links with countries that recognise Peking. On Monday, however, Mr Lien Chan, the Foreign Minister, told MPs that this was unlikely to work, given current political realities.

Tibetan hostility to Chinese intensifies

By Colina MacDougall in Hong Kong

SIGNIFICANT tension in Lhasa, the Tibetan capital, continues to create serious problems for the Chinese, though open demonstrations supporting independence and the Dalai Lama have subsided in recent weeks.

Since the first anniversary a few weeks ago of the autumn 1987 riots, police security has been strengthened and tighter control imposed on the local population, reliable reports say. This has caused growing fear and resentment among Tibetans, whose hostility to the local Chinese is increasingly overt.

Minor incidents where Chinese are threatened by Tibetans are not uncommon now, Chinese residents say, and they fear harrassment when they go into all-Tibetan areas. In a characteristic episode, one official was pulled off his bike one night and beaten up by three Tibetans.

Aggravating the tense atmosphere is the continuing detention without trial of Tibetan political prisoners. Numbers remain approximate, but these are likely to total at least 100. Conditions for these prisoners are still said to include routine beating and torture, while arrests of small groups of Tibetans involved in purely political acts such as putting up posters are continuing.

While monks from the three key monasteries of Drepung, Sera and Ganden have led all the demonstrations around the Jokhang temple in Lhasa, there are now at least three active opposition groups led by lay people.

The Chinese are tightening control in Lhasa through regular meetings of the so-called neighbourhood committees, which since last year have been doubled in number to oversee the locals more closely. At the same time recruitment to the security services has been stepped up, and the police are compiling reports on all Tibetans resident in Lhasa from India and Nepal.

An opinion survey by researchers from Peking is currently examining attitudes to the Dalai Lama and Tibetan independence. Tibetans are said to be answering truthfully that they don't want Chinese government, that China's development of Tibet has not benefited Tibetans and that they support the Dalai Lama.

Accounts of confrontations with Chinese outside Lhasa have also begun to filter through, confirming that opposition to Peking control is not confined to the capital. News has emerged of a significant incident at the monastery of Rato Gompo, about 25 kilometres south-west of Lhasa, when two car-loads of Chinese officials arrived at the end of September to accuse the monks of demanding independence and return to feudalism.

The monks confirmed that they did not want to remain under Chinese rule, but when the officials threatened them, stressed they were unarmed. However, violence erupted and when army reinforcements arrived, one monk was arrested. A fight broke out which ended with more arrests and a violent anti-Chinese demonstration by the local villagers.

Perhaps more seriously for the Chinese, protests are now spreading beyond the truncated area which is today's Tibetan Autonomous Region. In the historically Tibetan region of Amdo, now part of China's Qinghai province, Tibetans recently destroyed a Chinese building on monastery land, and a number of demonstrations occurred at a teacher-training college, a minorities institute and a medical school.

In remote north-west Sichuan province, which is also historically part of Tibet, locals recently held a demonstration, protesting that the areas were not Sichuanese but Tibetan. In recent years the Chinese population here has grown enormously and forests have been despoiled to supply China's own gargantuan need for timber.

Manila's ideological warfare against NPA

Richard Gourlay examines Aquino's latest tactics in the battle against insurgents

THE US Government has started arming civilian militias in the Philippines in a change of tactics that Washington and Manila believe will make a decisive difference in the 20-year-long war against communist-led insurgents.

The delivery of about 20,000 Vietnam and Korean war vintage automatic rifles from mothballs in the US is, however, controversial.

Vigilante groups, which have sprung up with the army's encouragement and which the new militias will partly replace, have frequently been behind human rights abuses, according to local human rights groups and the London-based Amnesty International.

President Aquino has heard this criticism and earlier this year ordered the disbandment of vigilante groups and the notoriously brutal Civilian Home Defense Force (CHDF) paramilitary groups.

But she has also been listening to her military advisers. The new force, the Civilian Armed Force Geographical Units (CAFGU) are to replace these more informal reservists and will be on a much larger scale.

US officials are also bracing themselves for criticism that the 60,000 automatic rifles still to be supplied represents a major escalation in Washington's involvement in the Philippines.

Human rights groups in Manila criticise the Government for apparently seeing "militarisation" as the answer to the social issues raised by the guerillas and have attacked the US for its role in encouraging this approach.

Human rights groups criticise Manila for seeing 'militarisation' as the answer to the social issues raised by the guerillas and have attacked the US for its role

In April, Mr Frank Carlucci, the US Defence Secretary, and Mr Fidel Ramos, his counterpart in Manila, agreed to use military credits, supplied as compensation for American use of military bases, to back Manila's new counter-insurgency plan.

This places more emphasis on regaining the allegiance of New People's Army supporters in remote areas so that the rebels become isolated – a process the army calls "gradual constriction" – and less on killing guerillas in the hills, the so-called "search and destroy" tactics of the Vietnam war.

Long overdue, according to some military observers, the approach aims to turn Maoist theory on its head, draining the sea (the population) in which the fish (the rebels) have been swimming.

After fighting units have cleared a village of NPA guerillas, army propaganda teams are supposed to move in for two to three months to counter the Communist Party's propoganda and win back hearts and minds by showing what Mrs Aquino's Government has to offer.

When the team moves on, the stay-behind teams, the CAFGUs, armed with 45 days of basic training, a monthly allowance of $28 a head and the vintage weapons are supposed to dissuade the rebels from returning.

"It is mainly a political battle so the CAFGUs are essential," said one military observer. "You cannot run an ideological warfare programme and then leave the villages unprotected."

In theory, the militias will liberate regular soldiers to take the fighting to the rebels more effecicently and will provide improved intelligence, the army hopes.

"We have been running in circles in areas where they (the guerillas) have superior intelligence," said Col Lisandro Abadia, the military's senior operations staff officer

The target of these operations are the 20 per cent of all Philippine villages, or *barangays*, that the Government says are controlled or influenced by the NPA.

By December, Col Abadia hopes 80,000 civilians will be in

In theory, the militias will liberate regular soldiers to take the fighting to the rebels more efficiently and will provide improved intelligence, the army hopes

CAFGU militias and 150,000 by 1990, bringing the reserve almost to the size of the regular force. The US is supplying the M1 and M14 carbine rifles, from arsenals throughout the country where they have been stored since being withdrawn from service 20 years ago.

Essentially the army is embarking on a propaganda and pacification campaign similar to that pursued in Malaya against communist guerrillas in the 1950s. But even if the army does its part, the civilian arm of government has to provide roads, schools and clinics, the absence of which has given poor villagers in many places precious little reason to support Manila against the rebels.

Training and arming has begun in the haphazard manner in which things often get done in the Philippines. Congress has appropriated the $13m budget for the CAFGU's allowances and the US has delivered the first 20,000 weapons, but the old paramilitary forces are often still being used because guns and money have not yet reached their destinations.

Human rights groups claim there is no difference between the new CAFGU militia, the vigilantes and the CHDF paramilitary groups.

However, Col Abadia claims a regular soldier in each unit will ensure command control, where it simply did not exist before. Offenders, he says will be subject to courts martial.

Organisations such as Amnesty International and the New York Lawyer's Group will take some convincing. Both released reports recently detailing human rights abuses often by vigilante forces, and in apparent collusion with army units.

The enduring fear is that more guns in the hands of more poorly trained men will simply mean more arbitrary bloodshed and more human rights abuses unless the civilian militias are tightly controlled. This has not been the case to date.

OVERSEAS NEWS

Voting card confusion reigns in Pakistan

Christina Lamb describes a complex procedure

YESTERDAY WAS the last day for obtaining the identity cards that Pakistan's president has insisted are necessary to vote. The registration office in Lahore was swarming with hundreds of angry people, some of whom were paying their tenth visit to obtain a card, without success.

The opposition Pakistan People's Party claims that in rural areas as many as 70 per cent of voters have no card, while in urban districts 30 per cent are without them.

The procedure is apparently so complicated that the Punjab registration director was unable to explain it, advising me to fly to Islamabad to obtain a manual.

Several Islamic Democratic Alliance workers were present in the registration office and outside, a hefty member of Jamaat Islami, an influential component of the IDA, had positioned himself, physically throwing out myself and a journalist from The Times. Embarrassed registration officials later said that they had no idea who he was.

Ms Benazir Bhutto, the PPP leader, has told those without identity cards to go to polling stations, to ensure that no one else uses their vote, but some PPP supporters intend to force their way in.

Aside from the identity card issue, the registration director claims there are numerous other "blatant violations of the election rules".

Mr Nawaz Sharif, chief minister of Punjab and central leader of the IDA, denied the PPP's allegations. "We have no such designs or intentions. They are making these charges to put the blame for their defeat on us."

He appeared confident, having secured the last-minute withdrawal of some independent candidates who had threatened to cut into the IDA vote, as well as a rumoured agreement with the electorally crucial MQM, an ethnic party expected to sweep urban Sind and thus in a close result, play a key role in deciding which side will form the government.

If the IDA are successful in today's contest, Ms Bhutto has said "the grass roots anger of our supporters may be uncontrollable".

Many fear a replay of 1977, when the election results, widely thought to have been manipulated by the then government, were not accepted and a nationwide protest movement led to the imposition of eight years of martial law.

A refusal to accept the results of this election would provide the armed forces with an opportunity once more to step in. Since President Zia's death in August, the military, under its new chief Gen Aslam Beg, has shown every intention of keeping to their barracks.

However, Gen Beg has made several political speeches, warning the politicians not to mess things up.

Pretoria cautious on Angola talks

By Anthony Robinson in Johannesburg

Mr Chester Crocker

PRETORIA reacted with its habitual caution to the outcome of the latest round of Angolan peace talks in Geneva.

Mr Pik Botha, the Foreign Minister, acknowledged a narrowing of the gap between the Cuban and South African proposals on a timetable for Cuban troop withdrawals from Angola.

But he added: "We will have to study what this round of talks has produced in detail to see whether there is a possibility of agreement". The US's special envoy, Mr Chester Crocker, is also present at the talks.

Mr Botha made it clear that Pretoria would not be hurried into making a quick decision about taking part in a final round at ministerial level in Brazzaville.

A full meeting of the State Security Council and the cabinet is expected as soon as the South African delegation returns to Pretoria today.

It already seems clear that the revised January 1 deadline for the start of implementing UN Resolution 435 leading to independence for Namibia will have to be postponed once more.

The original deadline for the start of implementation was set by Pretoria as November 1.

The UN is understood to need at least six weeks' notice to prepare for sending the 7,500-strong military task force to Namibia to supervise elections to a constituent assembly under the terms of Resolution 435.

The protracted nature of the latest Geneva round means that February would be the earliest possible starting date for implementation.

Meanwhile Mr Botha underlined it would take time before Pretoria weighed up the results of the Geneva talks and the wider political and military implications of Namibian independence accompanied by a reduced, and ultimately terminated, Cuban military presence in Angola.

INDIAN POLITICIAN FAILS TO REPEAT CHARGES IN PARLIAMENT

Singh back-pedals on bribe claim

By K.K. Sharma in New Delhi

MR V.P. SINGH, the opposition leader, yesterday declined to take up the challenge thrown at him by the ruling Congress-I ministers and members to repeat on the floor of parliament his charge that Mr Rajiv Gandhi, the Indian Prime Minister, had accepted bribes from Bofors, the Swedish arms manufacturer, and deposited them in a numbered Swiss account.

The challenge was made repeatedly during a turbulent day-long debate on the charge, made last week in public statements by Mr Singh which have led to a big controversy over corruption in the Government, particularly in relation to a $1.4bn howitzer contract signed with the Swedish company.

All Mr Singh said in a highly emotional speech was that the Government had its own investigating agencies and promised to co-operate with these if any inquiry into his charge was made. He was hooted by angry Congress-I members who insisted on the proof on which Mr Singh had made his accusation.

Congress-I members pointed out that Mr Singh was liable to face a parliamentary inquiry on a charge of breach of privilege if he repeated his accusation against Mr Gandhi during the debate. Mr Singh's somewhat weak response considerably diminishes the seriousness of the charge he has made.

But Mr Singh and other opposition members scored tellingly during the tempestuous debate, which was one of the noisiest seen in parliament, when they made the point that Mr Gandhi had recently admitted that Bofors had paid commissions on the contract and that he had tried to justify them as being for "genuine work" such as industrial espionage.

The opposition pointed out that until now the Government had insisted that no commissions or payoffs had been made and that the same position had been taken by a parliamentary committee which investigated charges of payoffs by Bofors. Mr Gandhi and his ministers were accused of misleading the people.

Mr Singh placed signed photocopies of documents purporting to show that Bofors had paid commissions into a Swiss bank account despite the company's statement that no such payments had been made. He did so after insistent demands from members that he should substantiate charges he had made publicly.

Repeated demands were made by the opposition for cancellation of the contract with Bofors and for blacklisting of the Swedish company. They also wnted a fresh parliamentary inquiry into the question of commissions paid by the company.

Both demands have not been accepted by Government spokesmen who claimed that cancellation of the contract would jeopardise the country's security and said that the price for the howitzers was a fair one.

Singh: declined challenge

Mr Singh's attitude to demands that he repeat corruption charges in parliament and the highly emotional debate yesterday suggests that both the Congress-I and the opposition are politicising the issue because of the coming general elections in which corruption is certain to be a big issue.

Ceasefire expected in Sudan war

COL JOHN GARANG, the Sudanese rebel leader, has agreed to a ceasefire in his five-and-a-half year rebellion that will allow relief aid to flow to starving war refugees, the official Sudan News Agency reported yesterday, AP reports from Khartoum.

In return, the agency said, Col Garang expected the Government to lift a national state of emergency and hold a constitutional conference.

It reported the agreement between Col Garang and Mr Mohammed Osman al-Mirghani, a leading politician, would be signed yesterday in Addis Ababa, the capital of Ethiopia.

Mr Sadek el-Mahdi, the Prime Minister, gave the talks his blessing and said he would follow up on any agreements reached, the news agency said.

Col Garang organised the Sudan People's Liberation Army in early 1983 and began his fight for southern autonomy and political, economic and administrative reforms. The proclamation by Mr Jaafar Nimeiri, the then President, of Sharia, or Islamic law, exacerbated the war six months later, and Col Garang has vowed not to lay down arms until Sudan's civilian government abrogates Sharia.

Traditionally, the country's Moslem majority dominates the central government. Most of the southerners are Christians or animists.

Tamil Nadu gets set for elections

Gandhi sees poll as a pointer for his party, **John Simkins** writes

THE Tamil community has the sense these days of living within the glare of world publicity. Tamils were the mercenaries behind the recent attempted coup in the Maldives. Tamil extremists are engaged in a bitter conflict with Indian forces in northern Sri Lanka. More important for their own future, and for the political balance of Southern India, the sensitive state of Tamil Nadu soon goes to the polls for an election in which there is much at stake.

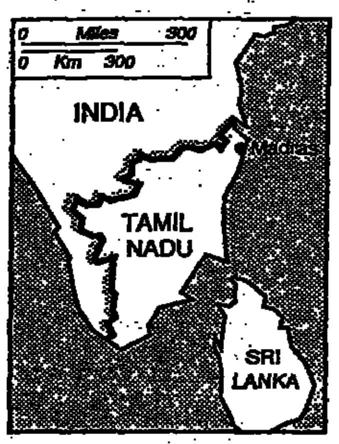
The government of Mr Rajiv Gandhi is expected imminently to announce a date for elections to the state assembly which will end 12 months of presidential rule imposed during the chaos which followed the death of M.G. Ramachandran, the film actor and chief minister known to a huge fan club as "MGR". His All-India Anna DMK (Aiadmk), a regional party which began as a breakaway from the Dravida Munnetra Kazhagam (DMK), had been in power for a decade.

The elections must constitutionally be held by the end of January, and Mr Gandhi, who has invested much effort in Tamil Nadu with frequent tours, is likely to see the result as a pointer to the national popularity of his Congress-I party.

Congress is out of power in all four southern states and if it wins Tamil Nadu – or, more realistically, if it wins power through an alliance with a faction of the now fragmented Aiadmk – he may be encouraged to bring forward next year's parliamentary Lok Sabha (lower house) elections. The current favourite as next chief minister, however, is not the state's Congress leader, Mr G.Karuppiah Moopanar, but Mr K. Karunanidhi, leader of the DMK, which has benefited most from "MGR"'s death.

Mr Karunanidhi, at 62 a respected administrator who was DMK chief minister from 1969 to 1976, is best placed to draw on the regional pride of the largely Tamil 50m population. It was on the back of anti-Hindi feeling and rice shortages in the 1960s that the DMK came to power and Mr Karunanidhi, a noted script writer for Tamil films, is seen as guardian of the Tamils' Dravidian culture.

The build-up to the polls comes at a delicate time as regards the future of Tamils in Sri Lanka, and Mr Karunanidhi articulates the concern felt in Tamil Nadu for militants who have been fighting the Indian peace-keeping forces sent to Sri Lanka through Mr Gandhi's accord with President Junius Jayawardene.



"We wanted India to send its army to save Tamils from the Sri Lankan army," said Mr Karunanidhi. "Rajiv Gandhi sent the army but the role was different. In the name of peace, it has been waging a war against Tamils." But Tamil Nadu politics are all about personalities and forecasting the election result depends on guesses about what party alliances might form, on what terms the parties would fight seats, and on wrangling about who would become chief minister.

The guesswork hinges on the Aiadmk, which won 124 of 134 assembly seats in 1984 in alliance with the Congress-I. At "MGR"'s death, the Aiadmk split between his widow, Janaki, and Jayalalitha, an actress who starred in many "MGR" films and who had been party propaganda secretary.

Although many would like the party to fight the election single-handed, it is weak on the ground after years of eclipse and the best guess must be that it will ally with Jayalalitha. Her position has been eroded by the desertion of some of the Aiadmk strong men and she is rumoured to be scaling down her demands over fighting the seats in a way that would make the Congress-I senior partner.

Janaki's backers might then feel tempted to lean towards politicians in partnership with the two communist parties. Meanwhile, Janaki and Jayalalitha are campaigning hard at the grass roots, with the former vowing to leave her property to the poor, and the latter boldly promising jobs for all educated unemployed.

On his visits, Mr Gandhi has taunted the DMK, a member of India's recently-formed opposition national front, with jibes that Tamil "chauvinists" are in league with right-wing Hindi "chauvinists".

He has also harked back to what he sees as Tamil Nadu's golden era under its 1960s Congress chief minister, Mr K. Kamaraj. In the past 10 years particularly, Tamil Nadu has slipped down the table of India's industrialised states.

The regional claim is that there has been a lack of public sector investment by the Congress-led central government. However, one can overstate fears that bad relations between a DMK administration and the centre would harm Tamil Nadu. Mr Karunanidhi says: "As political parties we fight, but as a federal unit our relations would be different". It is worth recalling, too, that "MGR" was careful not to upset the centre.

A pressing need for Tamil Nadu, which is short of power and water for crops, is to resolve the long-standing row with neighbouring Karnataka over resources of the River Cauvery and to attract more investment.

Mr Suresh Krishna, a director of the TVS automotives group, one of the state's leading companies, and a past president of India's confederation of engineering industries, says there was preoccupation under "MGR" with costly welfare schemes, however praiseworthy. He says: "Tamil Nadu could not become rich of its own resources. Politicians have failed to market the state, be available, and give assistance".

Gorbachev to meet Bush in US next month

By Lionel Barber in Washington

THE White House confirmed yesterday that Mr Mikhail Gorbachev will visit the US early next month to meet President Reagan and President-elect George Bush.

The White House said the meeting would be low-key and informal, helping to smooth the transition from Mr Reagan to Mr Bush and reflecting the "historic change in relations between the US and Soviet Union."

The meeting is likely to be held in New York where the Soviet leader is scheduled to address the United Nations General Assembly, following planned meetings with the British Prime Minister Mrs Margaret Thatcher and, later this month, the French President François Mitterand.

Among the topics likely to be discussed are the suspension of the Soviet troop withdrawal from Afghanistan, human rights, and progress towards a superpower pact cutting strategic ballistic missile arsenals by 50 per cent (START).

White House spokesman Mr Marlin Fitzwater confirmed that the talks would be substantive, but he cautioned: "I would not look at it as a meeting to resolve issues."

The Reagan administration is concerned that the Soviet Union abide by its pledge, in the UN-sponsored Geneva accords, to withdraw 120,000 troops from Afghanistan by next February. President-elect Bush has cited Soviet commitment to withdrawal as an important test of Moscow's good faith.

Last month, President Reagan resolved a long-standing dispute between the State and Defence Department, ruling out blanket US-Soviet rights to inspect sensitive missiles sites.

Experts said that the decision aimed to lay the groundwork for the Bush administration to renew negotiations on a START accord next year.

Mr Gorbachev's visit to Cuba – part of his 10 day tour – will arouse hackles on the conservative wing of the Republican party. However, Mr Michael Krepon, a Soviet expert at the Carnegie Institute in Washington, speculated that Mr Gorbachev may wish to inform his Cuban hosts that Moscow wishes to scale back its heavy financial support for the Castro regime.

Moscow has already successfully pressed Cuba to agree to a timetable for withdraw its troops from Angola in exchange for the independence of Namibia.

Queues become the hallmark of Peruvian austerity

Veronica Baruffati reports that inflation is raging as a second round of economic measures is prepared

WIDESPREAD strikes have crippled Lima this month as President Garcia prepares to introduce a second package of austerity measures amid the first public calls for his resignation.

Last Sunday the recently founded Solidarity and Democracy (Sode) centre-right coalition party made an open invitation to President Alan Garcia to resign.

The letter of invitation ended by saying: "In the firm belief that you, Mr President, are the main cause of the moral and economic decline of the republic and the basic obstacle in its recovery, we beseech you, in respect of the strictest constitutional channels, to resign, Mr President."

Opinion polls have put Alan Garcia's popularity rating at a dismal 16 per cent, down from the 96 per cent over three years ago when the young, promising president took office. But while Sode may want President Garcia to resign, many of his opponents are keen for him to stay in the palace until 1990 for fear of who might replace him.

Peruvians are still recovering from the shock of the last package of economic measures announced on September 6, which reduced their purchasing power drastically.

Popular discontent with the economic measures has been reflected in the wave of strikes which have hit the country over the last few weeks: the miners are now into their fifth week of strike and textile workers are on indefinite strike. Bank workers who were on strike until last Friday have lifted their action temporarily. A civil servant strike is threatened from tomorrow and the National Confederation of Peruvian Workers (CGTP) is threatening to strike next week. Even lottery ticket vendors are on strike.

Ecasa, the state food marketing company, has stopped distributing rice, the staple for millions of Peruvians.

In the markets, basic foodstuffs continue in short supply. Queues have become one of the hallmarks of the American Popular Revolutionary Alliance (Apra) Government. Irate and frustrated shoppers complain that in order to buy rice, oil, sugar or milk, they have to queue for hours and that shopkeepers force them to buy unnecessary items for each staple they buy.

One of the main causes of the present industrial unrest is a decree passed by the Government to limit wage increases to 40,000 intis, equivalent to less than $100 at the street rate per trimester. This would leave wages sagging behind the soaring cost of living.

With annualised inflation well above 1,000 per cent and growth, already negative, expected to decline a further 6 to 9 per cent this year, with international reserves at a negative $320m, Peru faces one of the most difficult moments in its republican history.

Prime Minister Armando Villanueva del Campo told a debt swap conference in Lima: "The dead don't pay. In order to pay, we have to survive. For this reason we shall cover our own needs first and then meet our obligations."

He said nothing concrete had yet resulted from talks with the IMF, but he expected the fund to have a better understanding of the realities of Peru.

President Alan Garcia is reportedly reluctant to go ahead with an emergency economic programme being drawn up by the government.

Alan Garcia: dismal rating

Another plan of economic measures is expected to be announced imminently. A team of 40 economists is helping Mr Abel Salinas, the Finance Minister, devise a coherent economic programme for the 1988-1990 period. A team from the International Monetary Fund and the World Bank is in Lima working closely with both Mr Salinas and Mr Pedro Coronado, president of the central bank. Others are said to be trying to convince Mr Garcia that he should refrain from tampering with the programme at the last minute and that without outside financial help he may not reach 1990 to hand over power to his successor.

The new plan is expected to be more severe than any of its predecessors. A World Bank representative said unofficially that Peru should be considering starting from scratch and a 400 per cent devaluation.

However, on the eve of the Apra party congress from December 8-11, municipal elections at the end of 1989 and the selection of a presidential candidate for 1990, some Apra politicians would rather ignore the economic problems and concentrate on more short-term political objectives.

The Fredemo, freedom and democracy coalition of ex-President Belaunde's Popular Action party, Luis Bedoya's Popular Christian Party and Mario Vargas Llosa's Freedom Movement, earlier this month launched what is considered to be their election campaign in Trujillo. It is still unclear whether the three parties will agree to put up one presidential candidate in March when they announce their plan of government.

Mr Alfonso Barrantes, the former mayor of Lima and United Left (IU) leader, overstepped his authority in a television interview last Sunday. He recognised the urgent need to look for help in the international financial world, saying that "the house is collapsing. It is everyone's duty to see to it that the roof doesn't fall down on the heads of the poor who stayed behind."

The IU party congress will be held in early December amid internal bickering after a coalition of left-wing political parties deserted its ranks in an ideological dispute.

Mr Barrantes, who describes himself as a loyal leftist militant and a socialist, said: "If I am not convinced that a left-wing government will contribute to the consolidation of democracy and serve the majority, then I would not accept to be candidate."

In an interview for a Spanish newspaper, Mr Barrantes said that if the IU won the 1990 elections he would wage open war against Sendero Luminoso guerrillas: "If the people vote in an IU government, this would disqualify Sendero Luminoso who would retaliate by multiplying attacks. We are discussing our Sendero Luminoso policy which would be not only repressive and the sole responsibility of the police, but would be conplemented with political, economic and social programmes."

A new film about to be released in Peru could exacerbate the already complex political situation here. Francisco J. Lombardi's production, La Boca del Lobo, is a well documented account of events between 1980 and 1983, including the Soccos massacre near Huamanga.

The premiere of the film in Lima later this month promises to be the cultural event of the year and military reaction to it may surprise the government censors who have sealed its release with their approval.

US retail sales rose sharply last month

By Nancy Dunne in Washington

US RETAIL sales shot up a surprising 0.9 per cent in October, according to the US Commerce Department, indicating a revival in consumer spending after several sluggish months.

At the same time, the manufacturing sector is showing continued strength. The Federal Reserve Board yesterday reported a seasonally-adjusted 0.4 per cent rise in industrial production last month.

Analysts took as further good news the Fed's upward revision of the August and September industrial production rates at 0.3 per cent and 0.2 per cent respectively. The August rise had previously been reported at 0.2 per cent, and the September rate had been estimated as unchanged.

"The industrial sector is still clicking right along," said Miss Cynthia Latta, a senior economist with Data Resources.

Manufacturing production last month increased 0.5 per cent, after rising 0.4 per cent in September. The production of business equipment leaped by 0.8 per cent, after increasing 0.8 per cent in September. The output of consumer goods rose 6 per cent, after falling 0.2 per cent the previous month.

Economists expressed most surprise about the retail sales data, which is closely watched as a barometer of overall consumer demand. However, the figure has bounced a lot – it fell by 0.4 per cent last month after slipping 0.1 per cent in August – and it carries a 1.2 per cent margin of error.

Mr Robert Brusca, chief economist with Nikko Securities in New York City, said the sales gains were broadly based and would provide a sound start for the fourth quarter.

"It's hard to see weak retail sales ahead, even if the savings rate does rise," he said.

Sales in shops showed healthy gains, rising 2.4 per cent last month, following an 0.8 per cent gain in September. Car sales rose for only the second time since March, jumping 1.7 per cent after dropping 2.2 per cent in September.

Struggling US oilmen in plea to Bush

By James Buchan in New York

AMERICA'S oil industry, struggling to adjust to weak prices for crude oil and gas, yesterday warned that the US is dangerously dependent on foreign supplies and called on President-elect George Bush to promote domestic producers.

At a meeting of major and independent US oil producers in New York yesterday, the American Petroleum Institute warned that the US could soon import more than 50 per cent of its oil and be vulnerable to supply "shocks" and disruptions of the kind that occurred in the 1970s.

In a "white paper" published yesterday, the industry lobby said that Congress and the Administration could add up to 2m barrels a day to domestic production of 8.1m b/d by opening up federal lands in Alaska and offshore to production, easing environmental regulations and reducing the industry's tax burden.

"The new President is an oilman," said Mr Charles DiBona, president of the institute. "I suspect he understands the issue."

Yesterday's industry paper came in the midst of an annual meeting which participants say is one of the gloomiest of recent years. Executives of US oil companies are worried that producers in the Organisation of Petroleum Exporting Countries could further lose control of the world crude oil market and prices could fall below the current $14-15 a barrel.

Opec's members are due to meet in Vienna this week to discuss production quotas.

In its white paper, the institute said that US dependence on foreign oil, at 43 per cent, is not far short of the peak of 48 per cent in 1977, just before the last price shock brought on by the Iranian revolution. Mr DiBona said the US faced the risk of disruption in three to five years if Opec constrained production. But if Opec raised production and prices fell, US dependence would increase and the disruption would be more severe.

Brazil gets ready for battle with oil strikers

By Ivo Dawnay in Rio de Janeiro

BRAZIL has ordered more than 1m tonnes of emergency imports of diesel and liquefied petroleum gas and suspended petroleum exports in a bid to reduce the impact of a national oilworkers' pay strike, now entering its sixth day.

As millions of Brazilians went to the polls to vote for local mayors and councillors yesterday, President Sarney was meeting an inner cabinet of senior military and economics ministers to hammer out a strategy to resolve the dispute.

Petrobras, the state-owned oil monopoly, all but ground to a halt last Friday when an estimated 85 per cent of its staff in refineries and offices stopped work in protest at a judgment by the Supreme Labour Tribunal (TST) not to award them the 26 per cent inflation-related pay rise, frozen last year.

The TST was said to have been under pressure from ministers to reverse its earlier decision to pay this sum to workers at the state-owned Banco do Brasil. It had been feared that, if the pay award was claimed throughout the state sector, the Government would have little hope of either containing its deficit or fulfilling its part in the recently agreed "social pact" with unions and employers, which aims to hold down both pay and price rises.

Few had foreseen, however, that the first major test of this policy would come with workers at Petrobras. Stocks of fuel and bottled gas are low.

The militancy of the workforce has also alarmed ministers. Mr Aureliano Chaves, the Mines and Energy Minister, was reported yesterday to have warned his colleagues that even a deal with oil union leaders could not guarantee a return to work, given the angry mood of the strikers.

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Midwives join dispute over nurses' regrading

By John Gapper, Labour Correspondent

THE NURSES' pay dispute showed no sign of abating yesterday as the Royal College of Midwives called its first ever day of action over the clinical regrading despite its leaders' opposition to industrial disruption.

Hospital managements appeared to be taking a stronger line against the protest action of "working to grade" – that is, refusing to take on tasks beyond those specified as corresponding to their grade under the new clinical classification scheme.

Action has been widespread among nursing staff who feel they have been placed in a grade below that to which their range of duties and responsibilities entitles them. Grading determines the nurses' salary under the recommendations of the pay review body, which were made in April and are now being implemented.

About 140 nurses at Glenfrith Hospital, Leicester were told they would be disciplined if they continued such action.

This came after six nurses at Tooting Bec hospital in south London were sent home after having worked to grade. Mr Ray Rowden, general manager, said the safety of patients had been endangered by the action.

Nurses belonging to the Cohse health union went on 24-hour strike in Brighton and picketed two hospitals. In the north west, about 1,000 nurses at two hospitals in north Manchester continued an indefinite "rolling strike."

Ballots on industrial action were being held around the country by branches of Cohse and the National Union of Public Employees, both of which are affiliated to the Trades Union Congress. The Royal College of Nursing, which is not so affiliated and which is constitutionally opposed to taking industrial action, maintained that more would be achieved by appealing peacefully against grades.

The Royal College of Midwives said that it would hold a day of action on November 22. It said that about 20 per cent of its 32,000 members were unhappy at their gradings and that protests were likely at a rally next week.

Mr Kenneth Clarke, Health Secretary, has criticised Nupe and Cohse over the action, accusing them of creating trouble over the regrading exercise.

English teaching plan for juniors called too vague

By David Thomas, Education Correspondent

THE Government yesterday published proposals to improve the teaching of English in primary schools which were attacked by some educationalists and employers as too vague to yield a significant improvement in reading and writing.

The proposals form a key part of the Government's plans to raise educational standards through a new national curriculum for 5-16 year olds as outlined in the Education Reform Act.

Mr Kenneth Baker, Education Secretary, set out the Government's plans in response to a report on English in the primary school published yesterday.

Mr Baker asked for some aspects of the report to be strengthened, but also endorsed its approach, describing its contents as thoughtful, thorough and lucid.

The report was prepared by a working group chaired by Professor Brian Cox, professor of English at Manchester University, who is widely viewed as a supporter of strict standards in the teaching of English.

The long report contains a large number of aims, known as attainment targets, for three types of activities: speaking and listening, reading and writing.

Programmes of study geared to these attainment targets are also described, again in general terms.

Thus, 5-7 year old children should "be offered extensive experience of reading labels, lists, letters, notices, instuctions, some newspapers, information books, etc."

The writing abilities of seven-year-olds, for instance, might be tested by asking them to write three contrasting pieces, such as a short narrative, a poem, and a list such as a recipe.

The aim is that all children aged 11 should be beginning to use correctly what is called Standard English, which is grammatically correct English. By 16, all children should be fluent in Standard English.

Mr Baker, asking for comments on the proposals by January 27, said he wanted the attainment targets to be made more precise, with examples of what they imply spelt out, together with greater emphasis on grammar within the targets for reading.

However, Dr Sheila Lawlor, educational expert at the Centre for Policy Studies, a right-wing think tank, attacked the attainment targets as vague and called the report's comments on non-standard grammar disgraceful and bound to act against the interests of children from disadvantaged backgrounds.

Mr Gerry Dowds, national director of the Forum for Private Business, representing more than 13,000 small businesses, said employers wanted school-leavers to be able to speak and write grammatically, and would support clear targets against which children's literacy could be judged.

Rogue property agents face ban

By Andrew Taylor

THE GOVERNMENT yesterday renewed its campaign against unscrupulous estate agents. Mr Tony Newton, Trade and Industry Minister, speaking at a conference in London, said agents which indulged in unfair selling techniques would be banned by the Office of Fair Trading.

His proposal for a voluntary code of conduct, however, fell short of tougher measures sought by leading estate agents such as Prudential Property Services and also by the Royal Institution of Chartered Surveyors.

These say that a mandatory scheme is necessary if unscrupulous agents are not to be allowed to slip through the net. They say estate agents should be licensed under statute and should have to meet minimum standards of competence.

Mr Newton said: "I fully understand the support of those already in the industry for regulation but I am concious that this could create something of a closed shop."

He said the government at this stage preferred a system of voluntary self-regulation endorsed Director General of Fair Trading who already had the power to ban agents, under section three of the Estate Agents Act

Some 77 businesses had been banned by the OFT since 1982, said Mr Newton.

He said a code of practice would need to be properly enforced, possibly by an ombudsman. It would be expected to cover areas such as misleading property descriptions.

Thatcher tightens clamp on IRA

MRS Margaret Thatcher's staunch defence of recent government efforts to curb terrorism in Northern Ireland will be backed up next week by a series of measures aimed at limiting political activity by terrorist sympathisers and at starving paramilitary groups of funds.

The most controversial measures, due to be outlined in the Queen's speech setting out the government's legislative programme for the new parliamentary session, will force local election candidates to renounce support for terrorism and extend the period of disqualification on candidates who have previously served prison sentences.

Powers will also be introduced allowing confiscation of funds destined for terrorist groups, and the government will announce its long-awaited proposals to curb employment discrimination on the minority Catholic population.

The government's intention to strengthen measures to combat terrorism was signalled by the Prime Minister in her speech at the Lord Mayor of London's banquet in the City of London earlier this week.

The new legislation forms part of continuing efforts to counter IRA violence and to woo nationalist support away from Sinn Fein, the IRA's political wing.

The new curbs on political activity by representatives of terrorist groups and their supporters will be introduced in a local authorities bill, drawn up by Mr Tom King, the Northern Ireland Secretary.

The Bill is expected to propose that successful candidates in local elections in the province be required to take an oath renouncing the use of violence before taking their seats.

Charles Hodgson looks at the likely shape of the next batch of legislation on Northern Ireland aimed at terrorism

It is also likely to extend the existing five-year disqualification from office of candidates who have served more than three months in prison.

At present the period of disqualification begins on the date of conviction. Mr King is expected to propose that the ban runs from the date of release.

The initiative is designed to end the current disruption of local government caused by the refusal of Unionist councillors to serve alongside those of Sinn Fein, whose 60 councillors frequently cause chaos at council meetings.

But sceptics argue that the proposals will simply present Sinn Fein with a further propaganda victory, following international criticism of the recent curbs on the right to silence and the ban on interviews with terrorist sympathisers, which have been attacked as assaults on civil liberties.

Critics of the proposed oath also argue that it is unenforceable since it is thought highly unlikely that Sinn Fein candidates will feel bound by it.

Action for disqualification of elected representatives for breach of the oath is likely to be through the civil, rather than criminal courts, with cases brought by fellow councillors rather than the Crown.

The Bill will also extend voting rights in local and European Parliament elections to Republic of Ireland nationals resident in the province.

The government hopes to have the legislation in force in time for local elections in May, although officials concede that the timetable will be tight.

The Government also plans to introduce a Prevention of Terrorism Bill to replace the existing Act, whose five-year life expires in March 1989, with permanent legislation.

Although the new legislation will have no limit on its timespan, its powers will still have to be renewed annually by parliament and those relating particularly to Irish terrorism – will remain temporary.

Among the key changes in the new legislation will be the creation of a new criminal offence, making it illegal to raise money or other assets for terrorist organisations.

These provisions, similar to those already in force for assets from drug trafficking, will allow courts to freeze and confiscate funds destined for paramilitary groups.

Mr Douglas Hurd, the Home Secretary, intends to seek wider international support for moves to prevent the IRA obtaining funds from abroad, particularly the US and Europe.

The Government will also publish its long-awaited Fair Employment Bill, strengthening efforts to end religious discrimination and reduce sectarian tensions.

The legislation will create a Fair Employment Commission, to replace the Fair Employment Agency, which will issue directions to companies, which will be enforced through a fair employment tribunal to which employers have right of appeal.

Failure to comply with rulings will be punishable by heavy fines or imprisonment.

There will be a code of conduct for employers. Both public and private sector companies with more than 10 employees will be required to monitor the religious composition of their workforce and submit annual returns to the FEC.

Employers in breach of these statutory obligations will be ineligible for government contracts or grants.

The Dublin Government has put special emphasis on stronger fair employment laws at regular meetings of the Anglo-Irish conference.

They are seen as a crucial step in reducing alienation among the Catholic community.

The Government is also seeking to counter the growing support in the US for the so-called MacBride principles, which impose fair employment obligations on US companies planning to invest in Northern Ireland.

Whitehall concedes that the principles are acting as a definite disincentive to US investment.

The Government has, however, rejected the concept of setting fixed job quotas for particular groups.

It argues that this would institutionalise and personalise community divisions and exacerbate them in the workplace.

Opposition MPs argue that the legislation, relying on employers' goodwill and backed by monitoring, will prove insufficient to redress the sharp imbalance between the two communities.

More taxes uncollected

By John Hunt

THE INLAND Revenue is criticised in a report by the all-party House of Commons Public Accounts Committee for a decline in its performance in collecting pay-as-you-earn (PAYE) taxes and the high level of erroneous tax charges made.

Although the committee found some improvement in the backlog of mail dealt with by the Revenue overall, it was still concerned with the amount of mail held up in some local collection offices.

The committee, in its report for 1987-88 published last night, also expressed growing concern at the sharp rise in the number of tax inspectors, particularly fully trained staff, leaving the service.

The committee said it was disappointed to hear that the level of uncollected taxes had again started to rise. "We recommend that the department identify the underlying reasons for the renewed decline and that they take all the steps needed to reverse it."

Dealing with erroneous charges the committee says that the balance owing to the Inland Revenue from PAYE rose from £885m in 1985 to just over 1bn in 1986.

UK NEWS

Output figures underline continued industrial boom

By Simon Holberton, Economics Staff

THE BUOYANCY of Britain's industrial output was yesterday underlined by official figures showing that industry continued to produce at record levels in the three months to the end of September.

The Government's Central Statistical Office said that its index of manufacturing output was more than 3 per cent higher in the September quarter, compared with the April to June period, and 7 per cent higher than in the third quarter of 1987.

The figures suggest that British industry's positive response to the current high level of domestic demand has continued unabated. They bode well for unit labour cost and productivity figures to be released tomorrow.

Those figures are also expected to show another large fall in the level of recorded unemployment. But signs of the labour market tightening, when taken with recent evidence from surveys by the Confederation of British Industry, the employers' organisation, of growing capacity constraints, may fuel fears of a rise in the rate of inflation.

Whitehall officials said that their best estimate of the underlying rate of growth of manufacturing output was now around 7 per cent a year. This represents a modest up-rating from the underlying growth rate of 6.5 per cent during the second quarter of this year and a full percentage point above their estimate of underlying growth in manufacturing output a year ago.

They cautioned against reading too much into a fall of nearly 1 per cent in manufacturing output in September compared with August. They pointed out that the industrial production figures on a monthly basis were erratic, complicated by problems with seasonal adjustment and have in the past given misleading signals. Assessing the data over a longer period, they said could see no reason to change their view that output remained strong.

The Treasury said that it was too early to look for an effect of higher interest rates on industrial output. In the Autumn Statement it forecasts that manufacturing output will be 7 per cent higher this year than in 1987 and 4.5 per cent higher next year compared with 1988.

The maintenance of high levels of manufacturing output is critical to the Treasury's forecast of the economy for 1989. It foresees a large slowdown in consumer demand but only a moderate slowing in manufacturing output. It hopes the production not consumed domestically will be exported, a development which would help reduce the trade deficit.

Strong gains in manufacturing output during the September quarter were made by the electrical and instrument engineering, metals, and mechanical engineering industries, whose output was up 15.4 per cent, 11.9 per cent and 8 per cent respectively on figures a year earlier.

The CSO's index of manufacturing production in September was 115.5 (1985=100), compared with 116.5 in August.

Its index of total production industries was 110.6 (1985=100), compared with 111.1 in August.

Shell to equip petrol stations with French Epos equipment

By Alan Cane

SHELL UK is to equip some 2,500 of its petrol stations in Britain with electronic point of sale (Epos) equipment made by the automation division of Electronique Serge Dassault (ESD), a leading French manufacturer of defence electronics.

The contract, worth in excess of £3m, is the first substantial one in the UK for the French company which, with sales of about FFr 800m (£74.4m) from the division this year, claims to be the European leader in electronic funds transfer equipment.

ESD is planning to expand aggressively in the UK. It is at present bidding for a British Airways contract for equipment to print and read airline boarding passes and automated ticketing equipment for British Rail.

Epos terminals are an essential element in the move to "cashless shopping" where plastic cards will replace cash or cheques. The terminal reads the magnetic stripe on bank or credit cards, checks that the card data agree with the customer's personal identification number, and is not on a "hot" list of lost or stolen cards.

The UK market for Epos equipment is expected to grow strongly over the next decade. Companies already supplying Epos equipment in the UK include International Business Machines, International Computers, Racal and NCR.

ESD is already a major supplier of funds transfer terminals to petrol companies and financial institutions in mainland European countries including France, Italy, Spain and Switzerland. It is, for example, a major supplier of automated teller machines ("banks-in-the-wall") in France and Switzerland.

According to Mr Michael Burton, director of ESD's London office, the terminals the company will be supplying to Shell use the latest software technology which gives them significant advantages in operation and ease of maintenance compared with existing systems.

All the functions are controlled by software which can be altered by transmitting instructions directly over a telephone network. The terminals are also able to transmit details of faults to headquarters over the network.

Intelligence not to be aired at IRA inquest

By Our Belfast Correspondent

COVERT intelligence information relating to the killings of three IRA men in a police undercover operation in South Armagh six years ago will not be aired in open court, the coroner's inquest in Craigavon, Northern Ireland, was told yesterday.

The Public Interest Immunity Certificate, issued by Mr Tom King, Northern Ireland Secretary, to ensure that sensitive intelligence information regarding the shooting is not discussed, was used for the first time yesterday, the second day of the inquest.

The IRA killings were included in the inquiry by Mr John Stalker, the former Greater Manchester deputy chief constable, into allegations that the Royal Ulster Constabulary operated a "shoot to kill" policy in 1982.

As Coroner Mr James Elliott questioned the RUC officer in charge of the unit which shot the IRA men about intelligence information gathered before the shooting, the Attorney General's representative in court intervened.

He said such matters were covered by the immunity certificate and could not be canvassed in public.

The police officer, referred to as Inspector "F", had briefed the unit which carried out the killings. Speaking from behind a specially erected screen, the inspector said he was aware that certain details could not be disclosed in the public interest.

The inquest continued in the absence of the victims' relatives. The families of Eugene Toman and Sean Burns on Monday ordered their lawyers to withdraw after hearing that the police officers who had fired the fatal shots would not be appearing in court to give evidence.

Mr Pat Finnucane, a Belfast solicitor acting for Ms Gervase McKerr, walked out of the inquest on Monday. He is seeking a High Court judicial review in the into the decision by the coroner to admit as evidence statements made by the three officers who carried out the shooting.

UK NEWS

Gorbachev visit hailed as diplomatic coup for UK

By Philip Stephens, Political Editor

ARMS control, human rights, regional conflicts and East/West trade relations were yesterday being billed as the key items on the agenda during next month's visit to London of Mr Mikhail Gorbachev, the Soviet leader.

As Mrs Margaret Thatcher, the Prime Minister, flew to Washington for talks with President Ronald Reagan and Mr George Bush, the president-elect, there was scarcely concealed delight in Whitehall at the prospect of Mr Gorbachev's visit.

The Soviet President's trip, from December 12 to 14, is seen by the Government as providing the chance for Britain to secure a pivotal role in shaping the agenda for East/West relations at the start of Mr Bush's presidency.

The careful timing of the visit's announcement, which ensured maximum publicity, was also designed to strengthen Mrs Thatcher's claim to be playing a central part in the West's response to perestroika. The details had been finalised on Sunday but the news was not released until her annual speech at the Mansion House in the City of London late on Monday.

The equally carefully orchestrated message from Whitehall

The two leaders on Gorbachev's first visit in 1984

was that the talks should be seen as a "continuation" of the dialogue which Mrs Thatcher had started with Mr Gorbachev as long ago as 1984 and has resumed on four subsequent occasions.

On that basis, nuclear and conventional arms reduction talks, human rights, regional conflicts (particularly Afghanistan) and East/West trade relations will all find a place on next month's agenda.

If her speech to Monday's Lord's Mayor's Banquet is taken as a guide, the Soviet president can expect the tone of the Prime Minister's approach to reflect a mixture of "toughness and tenderness."

The West, she said, must do everything in its power to encourage change and reform in the Soviet Union and Eastern Europe but it should not expect that process to move rapidly.

The "nuts and bolts" of the visit have yet to be finalised but Mr Gorbachev is expected to arrive in London on the evening of December 12. The next day will be set aside for a day of talks between the leaders and the Soviet president will leave on December 14. He is expected to pay a courtesy visit to the Queen.

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Sharp rise in vehicle output over 10 months

By Kevin Done

UK CAR and commercial vehicle output has risen significantly in the first 10 months of the year according to figures released by the Department of Trade and Industry.

Car production in the year to date at 1.014m units was 5.1 per cent higher than in the corresponding period of 1987, while commercial vehicle output was 24.8 per cent higher at 254,478 units.

In October alone, commercial vehicle output at 33,554 units was 31 per cent higher than a year ago, while car production showed an increase of 7.4 per cent to 129,161 units.

The increase in car production has been driven by the inclusion for the first time this year of output from Nissan's UK plant at Sunderland, where the cars now have around 70 per cent local content on an ex-works value basis.

At the same time Peugeot Talbot, the UK subsidiary of Peugeot of France, has doubled output from its Ryton, Coventry assembly plant since the spring with the introduction of a second shift, and Rover Group, Vauxhall and Jaguar have also raised output in response to booming sales.

Dilemma for building societies

David Barchard looks at the arguments about converting to a bank

THE ADVANTAGES for building societies in remaining mutual institutions were outlined yesterday in a report published by Prima Europe, a policy research group based in London. The report was commissioned by Woolwich, Britain's fourth-largest building society, which has assets of £13.5bn.

Mr Donald Kirkham, Woolwich chief executive, explained the society's decision to commission the study by referring to "constant axe-grinding from the City of London." No fewer than 37 merchant banks and stockbrokers had approached Woolwich with proposals on how to convert itself into a bank through a stock exchange flotation.

The report is only the latest hard look among several that the building-society sector has taken at itself. On the surface the societies are reviewing whether they should use powers they have had since the beginning of this year to become public limited companies. Only Abbey National has announced an intention to follow that route.

Abbey's progress is being closely watched by the other large societies, several of which admit to dismay at the swift emergence of a vocal anti-flotation group among its members.

Other societies have decided to remain mutual at least for the next few years. They are led by Halifax, the largest building society, with assets of £36bn. The group includes Leeds, the sixth-largest society, Birmingham Midshires and Cheltenham & Gloucester.

The two societies known to be seriously contemplating following Abbey into the stock market appear to have paused, at least for the time being. They are Alliance & Leicester and National & Provincial.

The flotation issue is tricky for societies. The philanthropic mutualist ethos inherited from 19th-century founders is still strong.

However, many of their senior executives question how long the societies can survive in their present form in the competitive, deregulated financial-services markets of the 1980s, where banks and mortgage companies are making steady inroads into their traditional business.

Last summer Britannia, another society that, like Woolwich, opposes stock market flotation, issued a study predicting that the present 112 societies would dwindle to nine or 10 in a decade.

Not all in the sector expect the fall to be so drastic but there is a widespread sense that, in spite of healthy looking balance sheets published annually by most societies, a struggle for survival might be around the corner.

Abbey is known to have converted because it felt it had no alternative if it wanted to survive much beyond the 1990s.

Woolwich's report looks at the "gloomy scenario" – intense competition in the mortgage market coupled with falling demand, with societies disadvantaged by their limits on wholesale funding and a long-term shift from retail deposits to riskier forms of saving.

Societies would probably try to compensate for that situation by diversifying further, while lacking the long-term capital resources to do so successfully.

It says: "On this scenario, societies would have little option but to convert to plc status or wither away."

On the other hand, it believes the picture is much too pessimistic and it says the "healthy rate of capital generation by societies appears sufficient to pursue a successful development strategy which opens up new prospects of income to counter any squeeze on mortgage margins."

Woolwich, like Britannia, believes "further rapid concentration," that is mergers between societies on a much greater scale than the sector has seen so far, are likely to be essential for the sector's survival.

That is not building society mutuality as traditionally understood, implying further relaxation by the Government of the restrictions on the society's powers. It implies, as Mr Kirkham put it yesterday, that the societies would evolve a tier of mutually owned retail banks competing with the main banks but insulating customers from risks such as developing-country debt.

Woolwich argues that that solution would enable societies to go on fulfilling social responsibilities which the banks do not – retaining strong local links, rather than shifting to central London, and serving lower-income customers.

Another argument, which appeals to many societies, is that remaining mutual would shelter them against hostile takeovers.

All societies other than Halifax are small enough to be vulnerable to takeovers if they convert into limited companies, although they would enjoy an initial five years' protection from the threat.

It is difficult not to feel that, for some societies, this may be the clinching argument

Building Societies – a case for mutuality. Prima Europe for Woolwich Equitable Building Society.

Attlee aides blamed for entry of Nazis to Britain after war

By Ivor Owen

MINISTERS in the Attlee Labour Government and senior officials were to blame for the the entry of ex-Nazis into Britain in the years immediately after the Second World War according to Mr Merlyn Rees, the former Labour Home Secretary.

They included "German scientists whose former Nazi connections were known to senior members of the Government" recruited to work on both civil and military projects.

Mr Rees is chairman of the All-Party Parliamentary War Crimes Group whose carefully-researched report on "the entry of Nazi war criminals and collaborators into the UK" was published yesterday.

As a result of its work the names of 250 persons, many associated with the Waffen SS, who are the subject of specific allegations has been submitted to the War Crimes Inquiry established by the Government in February.

Sir Thomas Hetherington, the former Director of Public Prosecutions, heads the inquiry team.

The former Nazis were among the displaced persons admitted to Britain at a time of acute labour shortage.

The War Crimes Group's report accuses an official of the Foreign Office's refugee department of resorting to "misinformation" when the state-owned National Coal Board complained about the difficulties it had encountered after the discovery of "characteristic Waffen-SS blood-group tattoos" on Latvians sent to work in the mines.

A statement by the official that the tattoos were "a device used by the German Army to keep track of deserters" is described in the report as "pure invention".

Mr Rees quotes the privately expressed sentiments of Mr Ernest Bevin, then Foreign Secretary, about the handling of one particular case. "I feel all our concern seems to me to be to protect these monsters,"

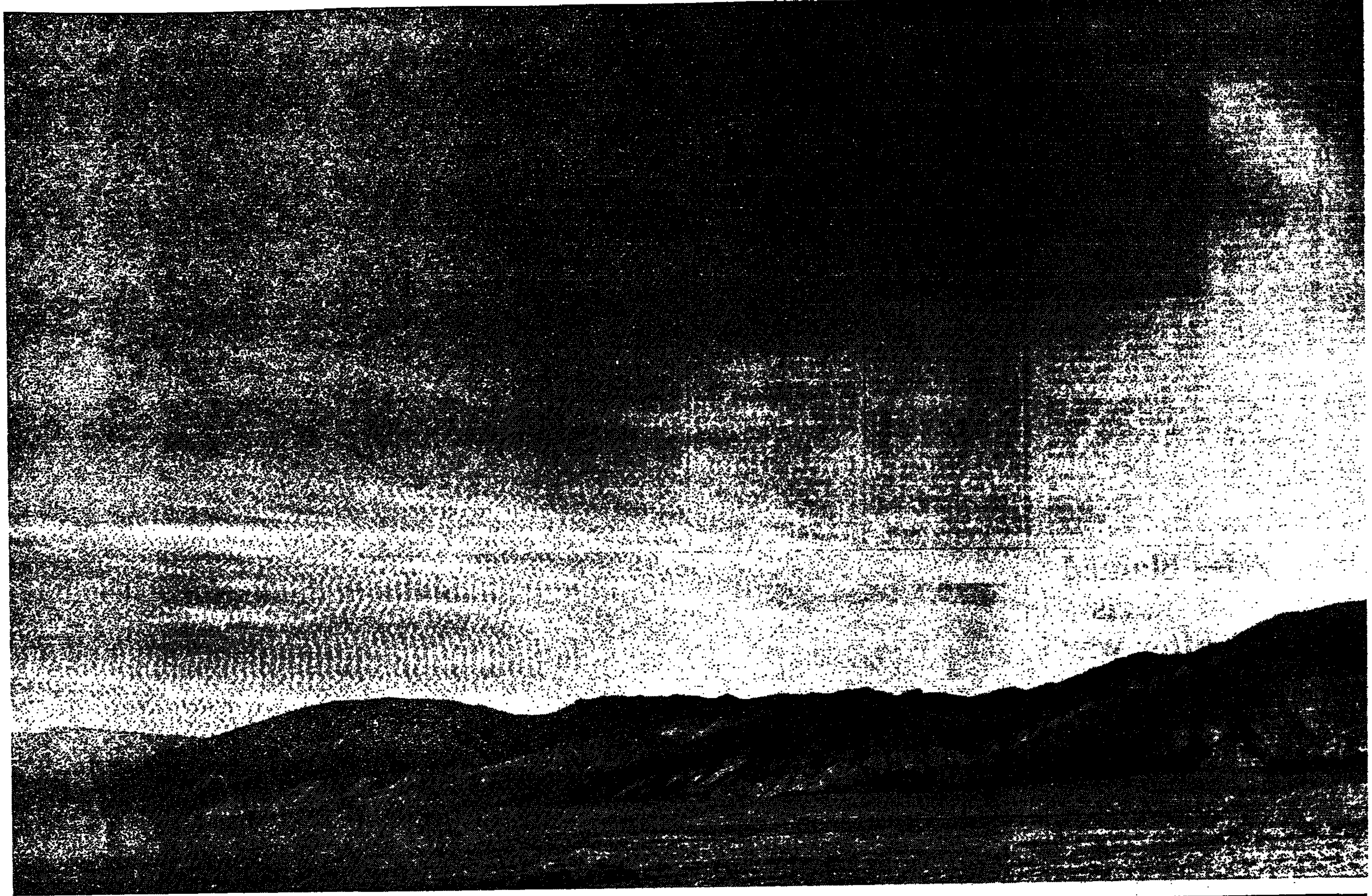
The former Home Secretary notes that Mr Bevin was still Foreign Secretary when the Goverment decided in 1948 to put an end to war crimes investigations and trials on the grounds that it was necessary to "dispose of the past as soon as possible".

Mr Rees laments that 40 years later there is still no known case of a British Government making serious efforts to deport, extradite or prosecute any individual in Britain suspected of Nazi criminal activity.

Royalties agreed

TOSHIBA, Japan's third biggest electrical group, has agreed to pay Britain royalties on its use of UK patents underpinning its medical imaging system.

British Technology Group, which has been negotiating licences on behalf of a group of UK universities, has now effectively secured royalties from all sales in Japan as well as the US.



BP AND THE MARKET CRASH

In the second article of a series, David Lascelles describes the frantic discussions about whether to cancel the BP share sale

The battle for Nigel Lawson's ear

As the shock waves from the October 19 crash jarred every market in the world, the fate of the BP issue was of secondary importance to the Treasury and the City, where visions of 1929 were terrifyingly vivid. But contingency plans had to be made, none the less.

On the following day, the London market collapsed 250 points, dragging BP's shares down 32p to 285p, making a nonsense of the issue price of 330p, and forcing the Treasury to stop all advertising so that the public should not be conned into buying shares that were cheaper in the market. But the big question was: should the issue go ahead at all?

The instinct of Nigel Lawson, the Chancellor, was that it should, and he agreed this early on with Margaret Thatcher. Aside from the massive inconvenience of postponing it, the controversy over the City's profits from privatisations was such that to halt the issue to let some overpaid yuppies off the hook was not on. But the countervailing argument was that the issue could cause widespread damage to the markets and to BP itself, so there was a public interest case in favour of postponement. Just then, though, it was extremely hard to see the picture in such clear-cut terms.

Shortly after the crash, the Chancellor fulfilled a long-standing engagement to lunch in the City – with stockbrokers Lawrence Prust. Leading industrialists and financiers were assembled round the table, and Lawson had a chance to sound out City opinion firsthand. Why, the question was asked, were the country's financial institutions not pouring money into the market to support share prices? The answer offered by Mr Bill Stuttaford, the head of the Framlington unit trust company and chairman of the Unit Trust Association, was that everyone's money was committed to buying the BP shares. But if this was an argument in favour of stopping the issue, it made little impression on Lawson; he left his fellow lunchers with the message that it would still go ahead.

The Treasury was also in close touch with the Bank of England. By a twist of fate, Mr Robin Leigh-Pemberton, the Governor, was on a tour of communist East Europe, and the first decision he faced was whether to cut his trip short. But he felt that the sight of such a prominent standard-bearer for capitalism dashing for home would be a bad advertisement for the free world, so he travelled on with a stiff upper lip.

It fell, therefore, to Sir George Blunden, the Deputy Governor, to launch the Bank's crisis management effort. On the day after the crash, he called on Lawson and Sir Peter Middleton, the Treasury's top civil servant, to co-ordinate plans. At the end of the meeting, Sir George stayed behind for a brief talk with Lawson about BP, acknowledging that there could be trouble, not just for the issue but for relations between the Bank and the Treasury.

The point was that the Bank had been assigned a specific role in the BP issue by the underwriting agreement. If the underwriters asked Lawson to stop the issue because of *force majeure* and Lawson refused, the Bank would be asked to make a recommendation, which Lawson had to listen to though not necessarily accept. This meant that the Bank had to stay aloof from the BP debate. Lawson and Sir George agreed, therefore, that contact between them would have to be limited.

But would the underwriters try to stop the issue? Michael Richardson of Rothschild began a whirlwind series of meetings with the underwriters, who now faced enormous losses. The issue had been priced at £7.26bn, but by mid-week when BP fell to 260p, the same shares were worth only £5.8bn, pointing to a loss of nearly £1.5bn.

These losses were unevenly distributed. The 17 UK underwriters had passed most of their risk on to 400 sub-underwriters whose exposure seemed manageable. There was a bigger problem for the underwriters who had kept a portion of the shares for themselves. All but three of the 17 did, with the largest portion taken by Rothschild and Warburg who were entitled, as advisers, to more than the others. (Warburg managed to get a double entitlement by insisting that its Tokyo subsidiary be included as an underwriter to the Japanese portion.)

The only prominent merchant bank which faced no losses at all was Lazard. Its chairman, Sir John Nott, had resisted pressure from the City establishment and stayed away from BP altogether, believing that privatisation work was not worth the candle.

The mathematics of the situation were that underwriters faced a loss of £700,000 for every 1m shares they had taken on their books. Rothschild and Warburg were believed to have some 15m shares, giving them a loss of about £10m each. The other underwriters took fewer shares and had losses of around £1m-£5m. In sum, the primary UK underwriters were carrying losses of around £70m.

But the position abroad was much worse. In the US, where sub-underwriting is not permitted in advance of a sale, the four underwriters carried their entire allocation of 480m shares themselves. They were Goldman Sachs (which, as leader, had the largest exposure), Salomon Brothers, Shearson Lehman and Morgan Stanley. Together, their losses on paper totalled £330m. In Canada, the situation was particularly perilous. The underwriting of 105m shares was concentrated on a small group headed by Wood Gundy. Although their losses totalled "only" £75m, the small capital base of the Canadian firms put them in a highly exposed position.

The situation was less worrisome in Japan where the five underwriters led by Daiwa Securities had 160m shares. This implied a loss of £110m which was well within the capacity of the securities giants of Tokyo. Similarly, in Europe, the underwriting group headed by Swiss Bank Corp was strongly capitalised and capable of meeting the £75m loss on their 105m shares.

Richardson's soundings produced a mixed response. The UK underwriters were sharply divided between those who thought the City had an obligation to go ahead, and those who wanted the deal stopped.

The opponents of going ahead, interestingly, included at least two houses which had not taken any sub-underwriting and therefore faced no loss. So, while many of the underwriters were pleading to save their own skins, there were more complex motives as well – not least the strong sense of identity which the City's merchant banks have with each other. But this division was highly unsatisfactory for Richardson because it gave him no clear direction. He got a much louder message from overseas.

The foreign underwriters had assumed straight away that the issue would be pulled, though they were careful not to go so far as to make demands to that effect. Goldman Sachs flew over Eric Dobkin, their partner in charge of equity markets, for a meeting at the Treasury on the Thursday after the crash, at which he described the dangers of going ahead. "At no time did we say 'stop the issue', but we wanted them to know the consequences," said Eugene Fife, head of Goldman's London office. "You don't voluntarily go and stick your finger into an electric socket."

The Japanese also wanted a postponement, and said so in a letter to the Treasury. "I clearly accepted our commitments as an underwriter," said Mr Makoto Kasui, chairman of Daiwa Europe, "but you do not go out of doors in a storm. And everyone knows a storm does not last 100 days."

Though the foreigners were able to present their views, they were not entitled to join in a vote to ask the Chancellor to invoke *force majeure*. That was the exclusive right of the UK underwriters. This was a curious lapse in the arrangements – and an ironical one given that the foreign underwriters stood to lose so much more than the British. If they wanted the deal stopped, they could only hope to do it by bending as many ears as they could, which is why the US underwriters were branded as troublemakers.

The pressure was also mounting at governmental level. The most forthright was Mr Michael Wilson, the Canadian finance minister, who appealed publicly for a postponement because it was quite obvious that Wood Gundy was in deep trouble. But most of the official pressure came behind the scenes, in representations to the Treasury and the Bank of England. James Baker, the US Treasury Secretary, whose views carried particular weight, telephoned Lawson to say that he was worried about the wider impact. Gerald Corrigan, the president of the New York Fed, commiserated with the UK's dilemma but said that the priority was to restore orderly conditions to the markets. Two European central banks also told the Bank that they would prefer to see the issue put off.

BP was in a particularly awkward situation. Sir Peter Walters, the chairman, and his co-directors wanted the issue postponed because of the harm it would do to BP's name; they had no pressing need for the proceeds of the rights issue (the Sohio purchase could be funded by borrowings). But while they made this position plain to the Treasury, they were reluctant to say so in public for fear of embarrassing the government. So BP maintained a stony silence throughout.

Not surprisingly, perhaps, people's recollections of the hectic lobbying that went on in the days immediately after the crash are a bit hazy – perhaps deliberately because few care to admit to wanting a postponement.

Nor is it entirely clear what role Rothschild was playing. It was both the Treasury's adviser, and an underwriter with millions of BP shares on its books. Richardson insists that he tried to be neutral, gauging people's views, nudging them into a consensus, and fulfilling his responsibilities as governmental adviser. But Rothschild seemed to incline towards the view that the issue should be pulled quite early on.

The lobbying reached its climax on the Friday after the crash when Richardson summoned a meeting of the UK underwriters to decide whether to seek a halt.

The underwriters arrived to find, at their places, a four-page analysis of the position by Freshfields, their solicitors. There is some disagreement about the purpose of this document. Richardson insists that it was intended as a guide to help the underwriters decide whether the crash could be rated as a *force majeure*. But some of those who attended felt it clearly conveyed the answer "yes", and was intended to influence the outcome of the meeting. It is impossible for an outsider to form a judgment because all copies of the document were collected at the end and locked away.

The debate itself was long and lively. There were two central arguments in favour of calling a halt. One was that the crash was so exceptional that it was, indeed, *force majeure*. This was defined in the agreement as "Any adverse change in national or international financial, political, industrial or economic conditions or currency exchange rates or exchange controls . . . which is of such magnitude and severity as to be material . . . and which should not, in the reasonable opinion of a majority in number of the underwriters be regarded as a proper underwriting risk . . . " But many of the underwriters argued that a fall in the markets was precisely the sort of risk which they must be prepared to shoulder. "It would have been quite different if Peter Walters had been shot or BP's biggest well had exploded," said one of them.

The second argument concerned the damage that the issue would do. The markets still looked fragile (the Dow had dropped 77 points the night before), and people had begun to focus more closely on the impact on BP itself. As if to reinforce the market danger argument, a message arrived from Ontario during the meeting that the Toronto stock exchange might not be able to open the following Monday if BP went ahead.

A further spectre was the possibility that the US underwriters would sue the British underwriters unless the issue was pulled. But there were no US lawyers present to give an expert opinion on this likelihood – and the US underwriters later described it as highly fanciful.

Eventually, it was decided to put the matter to the vote. Each underwriter was invited to write his vote on the name card in front of him, and pass it up to the top of the table. Rothschild and Freshfields totted them up and announced the result: eight for and eight against. A tie. This was not only amazing, but impossible because there were 17 people there. Was there a miscount, or had someone failed to vote? After an embarrassing silence, Lord Rockley, the representative of Kleinwort Benson, confessed that it was he who had abstained. But in so doing he put himself in the unenviable position of holding the casting vote – which he declined to use. By then, there was no point in continuing the meeting, so Richardson adjourned it until Monday.

The telephone lines buzzed again all through that Saturday and Sunday. Lawson, too, was sounding out views with private calls to people he knew in the City. He felt increasingly isolated. He could not turn to the Bank because of its role as assessor, and he was uneasy at Rothschild's ambiguous position. Although he continued to believe that the issue should go ahead, he was worried about the market impact, and had begun to toy with the idea of some mechanism that would minimise the damage – a sort of safety net to stop BP's price falling too far, and thereby cushion the market as a whole.

The weekend break did the trick. When the underwriters reconvened on Monday, the meeting quickly proceeded to the vote – and produced a majority in favour of asking the Chancellor to pull the issue. This time, however, the votes were counted in secret and the precise tally was not revealed. Richardson only disclosed that the vote "was not unanimous".

In fact, the result was quite close. When the FT polled the underwriters, nine of them said they had actually voted *against* going to the Treasury, which, if true, would have altered the result. Even allowing for a certain lack of veracity in the replies given to the FT, this suggests the majority was not great, probably 10-7.

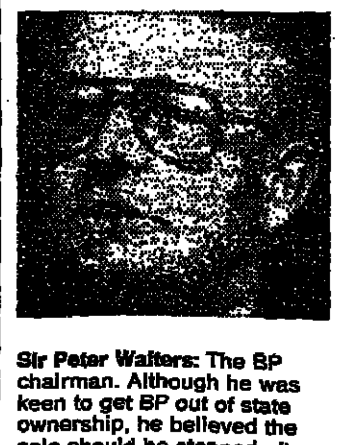
If some underwriters are afraid, even now, to tell the truth about which way they voted, it is because they walk in fear of Lawson's wrath. And with good reason. Lawson was furious about the vote because he felt the City had put him in an extremely embarrassing position. He had staked out his political ground – possibly more firmly than he should have – and now he was being challenged by the underwriters to think again. The next day, he appeared in the Commons to face a grilling from John Smith, the sharp-tongued Shadow Chancellor, and he made little effort to conceal his feelings. Referring to Rothschild's request for consultations to terminate the sale, he declared: "I have to say that I was surprised by this." Gales of mocking laughter rose from the Opposition benches.

There was some consolation for Lawson from the Association of British Insurers which represented many of the sub-underwriters who stood to lose, collectively, several hundred million pounds. At the prompting of Colin Parker of Eagle Star, who headed their investment committee, they put out a statement saying that their members "are quite prepared for the issue to go ahead, and they will, of course, meet the obligations they have undertaken." The statement was a slap in the face for the underwriters who had held scarcely any consultations with the sub-underwriters at all.

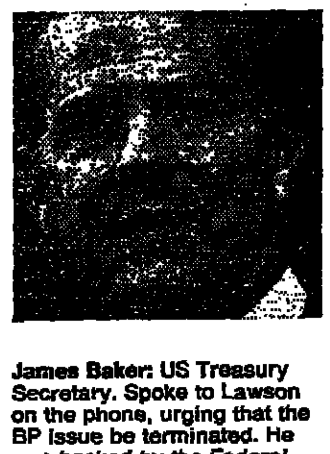
The face-to-face confrontation between the City and the Treasury finally took place on Thursday evening. Lawson was so annoyed by the underwriters that he did not even attend the meeting, and left Sir Peter Middleton to receive Richardson's delegation. Quite what happened behind the Treasury's doors that evening has never been fully recounted outside them. But it is safe to assume that the encounter was tense, and that Sir Peter forced the unhappy Rothschild team to defend a position which did not have unanimous backing. All we know for certain is that it lasted well into the small hours, and resulted in deadlock. So the two sides were forced into the only course of action left to them, to ask the Bank of England to make its independent assessment.

The first article in this series appeared on Monday November 14. It will conclude on Friday November 18

BP: THE PROTAGONISTS

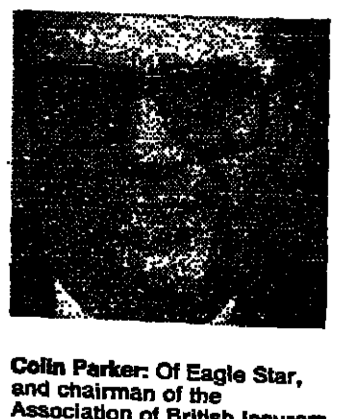


Sir Peter Walters: The BP chairman. Although he was keen to get BP out of state ownership, he believed the sale should be stopped after the crash because of the damage it would do to BP's standing in the markets. But he was careful to avoid public statements because of the different position taken up by the UK Government.



James Baker: US Treasury Secretary. Spoke to Lawson on the phone, urging that the BP issue be terminated. He was backed by the Federal Reserve which sympathised with the UK Government's dilemma, but believed that the issue should be stopped because the main priority was to restore orderly conditions to the financial markets.

John Smith: UK Shadow Chancellor. Launched a fierce attack on the Government for allowing the sale to go ahead. "The company will suffer, the Government have wasted money, and the shares will not be purchased." But he found it harder to fault the Government's determination to hold the underwriters to their obligations.



Colin Parker: Of Eagle Star, and chairman of the Association of British Insurers Investment Committee. Was worried about comments that the sub-underwriters wanted the issue pulled. Put out a statement that they "are quite prepared for the issue to go ahead, and they will, of course, meet the obligations they have undertaken."

JOBS

The tricks and traps of working overseas

By Michael Dixon

"IMAGINE a lot of executives from different countries waiting at an airport and suddenly being told all flights are cancelled for the day. Which nationality's blood pressure could you bank on to go up the least?"

Having posed the question Richard Martin-Hurst, a partner of Mercantile Italo Britannica in Rome, paused briefly awaiting an answer. Then seeing that none was forthcoming, he went on:

"Your safest bet is the Italians. Whereas other races generally grow up expecting systems like airlines to work properly, Italians spend their lives learning not only to expect the opposite but to cope with it."

With those words, Mr Martin-Hurst solved a puzzle which had been bugging the Jobs column for a good 18 months. The puzzlement began in early 1987 with the arrival of a survey endorsing a claim I had already heard from several international recruiters. The claim is that Italian executives tend to be better than those from other countries at working as expatriates outside the land of their birth.

The survey offered two main reasons for the Italians' more effective performance overseas. The first — which I could readily make sense of, if not believe — was that they are less prone than other nationalities to irking the host country's citizenry by forever thumping the tub about the superiority of their own native culture.

But I could not make head or tail of the second reason. It was that they typically have a "biological approach" to tackling difficulties, which they apply whether at home or abroad. And my confusion as to what such a biological approach might be was only worsened by the survey's statement that it arose from "their history, combining conceptual reality training with the use of intuition to solve untractable problems."

Then it just happened that, lately, the Jobs column was invited to talk about expatriate work to meetings of managers in Milan and Rome. So I begged them to tell me whether the alleged biological approach existed and, if so, what it was.

Gaff blown

Although the knowing smiles of the Italians there seemed clear evidence that it existed, none of them would say anything about it at all. Fortunately, in the end some British expatriates present blew the gaff, whereupon the glances that the Italians darted at one another suggested that the Brits' explanations were correct.

From the time they leave the cradle, I heard, Italians are taught by experience that channels offically provided to make things happen do not work. Examples put forward included the arrangements for vehicles to move in Rome.

Accordingly a key word in the language, particularly for executives, is "arrangiarsi" signifying the ability to adapt oneself, to find another way round — presumably quietly lest officialdom should spot it and block that one up as well. I was also told that, while executives of other nationalities may think they have skills in the same direction, by comparison they are usually at best amateurish.

If so, like it or not, the signs are that before long they will increasingly be undergoing practical lessons in what "arrangiarsi" means. Another thing which seemed clear from the two meetings was that the Italians - to my eyes, more than any other nation — are preparing to expand abroad wholesale with the projected creation of a single European market after 1992.

Nonetheless, their edge over managers from other countries in overseas jobs does not free them a problem suffered by expatriates in general. For Italian names fairly often appear on the letters this column receives from exiled executives who have run into a particular difficulty.

Common theme

While their cases differ in detail, they mostly have a central theme in common.

Their company offered them their first post abroad as promotion after a period of success in its mainland operations. They readily accepted the offer in the belief not only that they were deliberately being given a chance to show fitness for still further promotion, but that because they were away the company's top managers would value them more than if they had stayed in the headquarters country. In short, they felt their absence would make their employer's heart grow fonder.

Most could quote evidence that they had done well in the expatriate work. Often that success had indeed led to more promotion, although always to a job somewhere else overseas.

The trouble typically began when they were due to return to the company's mainland operations. Although the majority of them had been offered a "repatriation" post of some sort, none thought it equalled let alone exceeded their last job abroad in scope for use of their abilities. Instead of their absence making headquarters hearts fonder, it had been a case of out of sight, out of mind.

By the time they realised as much, the executives in question were in difficulty. Besides having lost touch with the mainstream politics of their company, they had become isolated from most of the jobs markets where they might find a new employer. Moreover, although I hope otherwise, the frequency of letters from people in that predicament makes it seem likely that there will be more to come.

What does *not* seem likely is that so many expatriates deserve such treatment. It is true that nobody can rightly expect organisations with extensive overseas activities to provide real promotion posts back in the mainland for all who have done well for them abroad. But those who cannot be satisfactorily repatriated surely have a fair claim on the employer for help in seeking an acceptable job with another concern, and reasonable support until they find one.

The case for giving such help is more than ethical. For while expatriates may have long been in an employers' rather than an employees' market — with their chances heavily dependent on the company that sent them out, andrelatively little prospect of switching companies while overseas — the position might well fairly soon turn the other way round.

Change makers

The factors favouring a reverse are not confined to the European developments envisaged for 1992, which will almost certainly need several further years to take effect. There are also the widespread decreases in the numbers of young people becoming available for employment that look likely to be a swifter generator of international mobility, at least among people brought up in economically advanced countries.

In which case, the chances are that expatriates will find it far easier to change employer while they are on the wing. And any company which is not clearly seen to treat them well on re-entry will be apt to find its key overseas operations hard to keep up, let alone to get off the ground, at all.

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ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT – PLEASE TELEPHONE: 01-628 7539

Management Board Appointments

SCOTTISH HOMES — to £39,000, moving to performance related

These are key appointments on the Management Board of Scottish Homes, a development agency which commands substantial resources with annual expenditure in excess of £300 million and 2,000 employees. This new body brings together the resources of the Scottish Special Housing Association and the Housing Corporation in Scotland to create a powerful force for change and innovation throughout the Scottish housing market.

Director, Strategic Development

will develop and lead a small strategic team at the centre of a largely decentralised enterprise.

Responsible to the Chief Executive, the prime tasks are to create and promote the housing strategy and investment plan, to facilitate its implementation by creating links with external organisations including providers of private finance and to ensure that policy and strategy are continuously reviewed to reflect changes in the Scottish housing market.

Candidates, probably aged 35-45, should be of graduate standing with a thorough knowledge of strategic housing issues gained at senior level in relevant private or public sector organisations.

Director, Corporate Services

will respond to the Chief Executive and work closely with the Strategic Development Director and other Management Board colleagues. The initial task will be the creation, direction and development of a strong support and financial control organisation. Responsibilities are centred on financial management, information technology and audit as well as personnel and administration.

The essential requirement is a strong grasp of finance backed by well developed general management skills gained at or near board level in either the public or private sector. Experience of managing major organisational change is essential.

Based in Edinburgh, these are challenging opportunities to make an important contribution to a new and vital organisation. Please write in complete confidence to Peter Craigie as adviser:
Arthur Young Corporate Resourcing, 17 Abercromby Place, Edinburgh EH3 6LT.

Arthur Young Corporate Resourcing

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Senior Investment Manager

Institutional Clients

Luxembourg **to £50,000**

Our client is an international bank which has been established in Luxembourg for over a hundred years.

They now seek to appoint an experienced Senior Investment Manager to advise on and manage the pension and corporate funds of clients. The position will involve close liaison with the treasurers and management of client companies.

Specialised in the eurobonds market, the successful candidate will have a good knowledge of the money market and treasury products.

This is an excellent career opportunity for someone who is self-motivated, numerate and can show fluency in German, English and French.

Interested candidates should contact **Pierre Brynaert** on **Brussels (010) 322 347 02 10** or send a comprehensive curriculum vitae to him at **Michael Page Banking, Avenue Molière 262, 1060 Brussels, Belgium.**

MP

Michael Page International
International Recruitment Consultants
London Amsterdam Brussels New York Paris Sydney

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QUITTERS & WINNERS?

Winners don't quit, quitters don't win

INSTITUTIONAL UK EQUITY SALES — **£ FULLY COMPETITIVE PLUS THE RIGHT BONUSES & BENEFITS**

As an experienced UK Equity sales person you will know the qualities that divide good corporate managements from bad. You will probably have an intuitive awareness of quality when you see it. You may be aware that the management at your existing employer is beginning to show a lack of direction and innovation in a difficult market.

The parent of our client has achieved, in time, market leadership in almost every market it has entered. It is its country's largest bank, considered to be one of the world's best managed and one of the few to be AAA rated by Standard and Poores. What drives the success? What fuels the consistency?

Determined, strong and involved management who put substance before style. If you suspect that this is what you might be missing please telephone Luci de Nordwall in strict confidence on:

01-377 1600 or send a Curriculum Vitae to her at:

Recruitment Matters Ltd.
15 Great Eastern Street · London EC2A 3EJ

RM RM RM RM RM **01 - 377 1600** RM RM RM RM RM

STERLING BOND ARBITRAGE

Wallace, Smith is a specialist merchant bank based in London. The strongly analytical nature of our organisation is supported through our consulting functions and through our market making operations.

Our goal is to add long term economic value to our clients' businesses, by helping them to reduce decision making risk through enhanced strategy, validation and execution.

We are currently looking to add four Sterling bond sales/trading specialists to our existing UK and Irish Gilt operations.

The individuals whom we are seeking will have a minimum of three years and probably longer experience in the Euro Sterling, Loan and Debenture Stock, Bulldog, or Gilt markets. They will be forming part of a team that will be highly research driven and whose focus will be to identify the best value within all competing elements of the Sterling Bond markets.

If you are client orientated, analytical and interested in working as part of a skilled team, we would like to discuss with you a career at Wallace, Smith.

Please send your curriculum vitae, in confidence, to:
George Romanowski, Assistant Director, Human Resources,
Wallace, Smith Trust Co Limited, 77 London Wall, London EC2N 1AB.

WALLACE, SMITH TRUST CO. LIMITED

FX Specialist

Advise and Deal for a Corporate Treasury

Join a small team as the currency dealer for a substantial US Corporation in a high profile role which extends beyond the immediate to incorporate strategic thinking.

This particularly active, independent Group is involved in a wide variety of natural resource industries internationally. It conducts all its FX trading from London where it has earned an excellent reputation in the Money Markets.

Executing all forward transactions and larger spot deals, you will be involved in recommendations to senior management on market changes. You will also monitor a number of investments handled by fund managers.

A graduate or professionally qualified, you are probably 24–30 and have already gained relevant money market experience with a corporate Treasury department. An understanding of funds management, equities and currency options would also be useful. Additionally, you have good communication skills, inspire confidence and work well within a small, sociable team.

You will enjoy a negotiable salary, car and comprehensive benefits plus a fast moving corporate environment which provides freedom to act.

Please telephone or write, in complete confidence, to Sue Jagger, Simpson Crowden Consultants Ltd, Specialists in Executive Search & Selection, 97-99 Park Street, London W1Y 3HA. Telephone: 01-629 5909.

Simpson Crowden
CONSULTANTS

INSTITUTIONAL FUND MANAGEMENT
£30,000 to £80,000

If you are a UK, European or Far Eastern Fund Manager there are several openings within major institutions or securities houses to interest you.

Ideally aged between 25 and 40, you should have at least 4 years' experience of analysis or fund management in your respective market.

PRIVATE CLIENTS
£25,000 to £70,000

There continues to be substantial demand for *Private Client Portfolio Managers who can* transfer attached business. Our clients seek individuals or teams to join institutions and/or City-based or regional stockbroking branches.

Whether you are actively looking for a move or simply wish to be kept in touch with market trends, we are pleased to advise you in confidence. Please contact James Younger at 20 Cousin Lane, London EC4R 3TA. Telephone 01-236 7307, Fax 01-489 1130.

STEPHENS ASSOCIATES
SEARCH & SELECTION IN SECURITIES & INVESTMENTS

INVESTMENT LIAISON/MARKETING

c.£17,500

The Target Group, a *fast expanding* life assurance and unit trust group, is looking for an investment orientated person to join their investment marketing department.

The position requires a keen interest in *international current* and economic affairs. Responsibilities will be focused upon the formulation of an international investment strategy from a wide range of investment instruments. The ability to communicate this strategy lucidly to a broad range of Target's customers will be of key importance.

Candidates, preferably aged 22-30 with a graduate based education, should ideally have previous experience in this field.

Please write with full details to:
The Investment Marketing Director, Target Group PLC, Alton House, 174-177 High Holborn, London WC1V 7AA.

TARGET
TARGET GROUP PLC

MANAGER
Client Administration

London SW1 **£Negotiable**

Financial Sector Human Resources

The Asset Management subsidiary of a long established UK services organisation seeks a highly numerate individual with strong administrative skills and experience of PCs to develop the Portfolio Administration section.

This is a senior position, reporting to the Deputy General Manager and carries supervisory responsibility for a number of clerical and technical staff.

The successful applicant will be responsible for clients' investment accounting and also for providing performance data on funds under management. Specific challenges will include streamlining existing data production methods and developing recording systems to comply with regulatory requirements; establishing systems where necessary and developing PC applications; developing the section in the long term from a cost centre to one of profit and liaising with fund management staff and clients.

It is anticipated that candidates will have significant Fixed Interest/Equity Fund administration experience, will preferably be educated to degree standard and have an *accounting qualification.*

Some overseas travel will also be required.

To pursue this interesting opportunity and arrange an informal discussion in strictest confidence, please send a detailed CV to Derek Burn at MCP Management Consultants, or telephone him on 01 242 3665 for further information.

Ref: MCA1188.

MCP MANAGEMENT CONSULTANTS

11 John Street, London WC1N 2EB.

AT A CAREER CROSSROADS?

Hill Samuel Investment Services is seeking sales executives, aged 25 to 50 and with experience in industry, commerce or the professions, to become Personal Financial Advisers. All necessary training and support, including office facilities, will be given to enable you to promote the renowned range of Hill Samuel personal financial products and services.

Contact: David Hall, Hill Samuel Investment Services Ltd, 1 Maddox Street, London W1R 9WA. Tel: 01-434 4583.

CAZENOVE & CO.

Head of UK Fixed Interest

Cazenove & Co., a leading issuer of fixed interest securities in the UK market, is seeking to strengthen its fixed interest team.

RESPONSIBILITIES

◇ The Head of Fixed Interest will lead a professional team responsible for sterling fixed interest business, mainly operating in the primary market, where the firm has a strong corporate presence.

QUALIFICATIONS

◇ Professional experience is essential, ideally gained in a stockbroking firm.

REMUNERATION

◇ Cazenove & Co. wishes to attract candidates of the highest calibre and will offer appropriate remuneration and excellent long term career opportunities.

Please write in confidence to:
Richard Boggis-Rolfe, NB Selection,
54 Jermyn St, London SW1Y 6LX.

N·B SELECTION LTD

SPECIALISTS IN SENIOR MANAGEMENT SELECTION
01-493 3383

THE HAMMERSON GROUP

Senior Development Executive

The Hammerson Group need a Senior Development Executive, aged between 25 and 35; a Chartered Surveyor, preferably with a degree in Estate Management or similar qualification.

He or she must have a good knowledge of the property business particularly in respect of the Central London office market. This will have been gained in an Agency, Investment or Development Department of a substantial surveying practice or with a major Institution or *Property Developer. Some knowledge of formal* valuation procedures and experience of computer based appraisal models would be beneficial.

Reporting to the Development Manager, he or she will be responsible for:

- The assement of new development opportunities;
- Playing an active role in negotiations and the associated legal documentation;
- Dealing with Planning and Landlord & Tenant matters generally;
- Producing comprehensive reports and valuations *for the Main Board with appropriate* recommendations.

This is an excellent opportunity for someone with the ambition to play an active role in a major company and to take advantage of the promotion opportunities which are likely to arise.

The compensation package is generous and will fully reflect the recent movements in the rewards being offered to such people of high calibre.

Replies in confidence should be addressed to:
David Sheppard, Esq

DAVID SHEPPARD & PARTNERS LTD.
21 Cleveland Place,
London SW1Y 6RL Tel: 01-930 8786

who is retained as Consultant to the Hammerson Group

Bloomberg FINANCIAL MARKETS

Account Support
An exceptional opportunity for a German speaker
Based London

With global, cross currency, twenty *four hour continuous markets and* an increasing diversity of complex securitized products, demand for investment performance and efficiency has never been greater. *The BLOOMBERG is the most com*plete and integrated professional on-line investment service now available.

Dynamic expansion in the UK and Europe has created an opportunity for a bright, energetic, and dedicated Account Support/Client Liaison specialist to play a key *role in consolidating our business.*

Acting as a vital channel of communication with our clients, you will ensure the effective *servicing of user requirements* whilst heightening awareness of new and existing products and developments. Based in London you will focus on our rapidly *growing client* base in Germany, Austria and Benelux, occasional travel is likely.

Our profile calls for a highly-motivated and dedicated young individual with German language skills and possessing a good understanding of the financial markets.

In return we can offer a highly competitive salary and the opportunity to join an organisation acknowledged to be at the forefront of the market.

For an initial discussion, contact our Recruitment Consultant Paul Chambers today on:
01-379 5252
(during office hours)
or **01-989 4766**
(evenings and weekends).
Alternatively send your CV to him quoting ref: **PC/1611/8** at:
Greenfield Human Resources, Norman House, 105–109 Strand, London WC2R 0BZ. 01-379 4797 (fax)

Green Field HUMAN RESOURCES

Senior Executive in International Asset Trading and Syndications

Scandinavian Bank Group plc is the 12th largest International Banking Group based in London with assets of over $5 billion, and employing more than a thousand people in offices in fourteen countries throughout Europe, Asia, the Middle East and the Americas. We now wish to recruit a Senior Asset Trader to help lead our loan sales/syndication activities from London.

Reporting to the Head of International Asset Trading, the challenge will be to build a Eurodollar syndication capability using the Bank's existing European portfolio as a springboard and, its Scandinavian corporate client base as the target new borrowing market. An integral part of this will be the creation and development of a distribution capability for new issues, synthetics, loan pools, asset backed receivables and other loan based hybrids.

A first class track record in syndications and trading assets within the major European centres is an essential prerequisite. As LDC trading is an integral part of the overall international asset trading business, although primarily through our New York and Brazil offices, experience in this market would also be desirable, but not essential.

The remuneration package is highly competitive and includes a car, non-contributory pension scheme, performance related bonus and concessionary loans.

Candidates should write, enclosing a full C.V. including age and present remuneration, to Ken Driver, Personnel Manager, Scandinavian Bank Group, 2–6 Cannon Street, London EC4M 6XX.

Scandinavian Bank Group

PRIVATE CLIENT STOCKBROKING

An opportunity for a limited number of

Senior Stockbrokers

presently generating in excess of £150,000 commission per annum

Backed by our new parent, the Bank of N.T. Butterfield and Son Ltd., we are engaged in a major expansion of our private client division. We seek a limited number of highly motivated private client executives to join our management team.

This is a challenging opportunity for individuals or small teams of professionals with a proven client base to join a well established and expanding organisation with international backing.

For a confidential preliminary discussion, contact: Grant Hall, Chief Executive

Seymour Pierce Butterfield Ltd.
10 Old Jewry, London EC2R 8EA
Tel: 01-628 4981

TREASURY MANAGEMENT - MIDDLE EAST

MONEY MARKET HEAD

SAUDI ARABIA, RIYADH

One of Saudi Arabia's leading joint-venture banks, headquartered in Riyadh, wishes to hire a Money Market Division Head as part of its Senior Treasury Management team. The bank is a major player in an increasingly sophisticated local environment, as well as having an expanding international network.

The person appointed will manage a team of 7 interbank traders covering both the local currency (Saudi Riyal) and Euromoney markets. The environment is active, with significant trading volumes in all the major currencies together with 7-day coverage of the international markets.

Ability to motivate a trading team is an essential requirement for this position, as is experience of traditional and innovative treasury products. Familiarity with the Eurodollar markets is a critical requirement of the job, while knowledge of the Saudi Riyal market would be an advantage.

A compensation package will be structured for the person appointed which will fully reflect the importance the bank attaches to this job.

Applications, including full details of relevant Treasury experience and qualifications, should be sent to:

The Personnel Manager,
P.O.BOX 10351, RIYADH 11433, SAUDI ARABIA

INTERNATIONAL APPOINTMENTS

POSITION WANTED

International firm wanted for on-site partner in Atlanta, Georgia. Needs new position because of refusal to relocate to West Coast. Can offer 10 years of business consulting, mortgage broker with real estate license and 10 years district level sales experience. Seeks strong base salary, bonus, expenses and small share of profits.

Contact: James Shelton Reid, P.O. Drawer 7847, Atlanta, Georgia 30357 USA or 404-426-6568.

SALES REP IN U.K.

Sought by U.S. publisher of 1200-page global travel/relocation reference book. Top int'l organizations now pay 350/year for this service. Retired professional sales or personnel executive ideal for this part-time position. Reply to Craighead Pub., Box A1055, Financial Times, 10 Cannon Street, London, EC4P 4BY.

air new zealand

MARKETING MANAGER CONTINENTAL EUROPE (BASED FRANKFURT)

Air New Zealand, one of the long established and consistently profitable flag-carrying world airlines, invites applications for the position of Marketing Manager Continental Europe.

We seek an individual who will increase our profile and market share in the countries of Continental Europe, consolidating the progress made since operations to Frankfurt were inaugurated in 1987.

The successful candidate will have a broad sales and marketing background, preferably with a travel industry bias, as well as the administrative and man-management skills necessary to organise, lead and motivate a small, enthusiastic team.

Fluency in English and German is essential, and the preferred age range is 30 - 45 years. A competitive remuneration package, including travel industry benefits, will be offered. Candidates must be eligible to live in Germany.

Application should be sent in strict confidence to:
Regional Manager UK/Europe
AIR NEW ZEALAND
17th Floor
New Zealand House
Haymarket
LONDON SW1Y 4TE

A full current C.V. should be enclosed.

FOREX ADVISORY SERVICES LIMITED, a leading supplier of Front End Dealing Room Software requires a

FOREIGN EXCHANGE TECHNICAL CONSULTANT

The Successful applicant will have recent Money Market Dealing experience, coupled with in-depth technical understanding of the market. The role will involve the provision of specifications to clients and in-house programming staff. The company is based in Chelmsford but the job will entail liaison with clients in the City and Overseas on a regular basis.

An excellent salary commensurate with experience is offered along with generous holiday entitlement, Company Pension and Private Health Scheme.

Apply in the first instance to:-

MARYLIN POWELL
EXECUTIVE ASSISTANT
FOREX ADVISORY SERVICES LTD
115 NEW LONDON ROAD
CHELMSFORD, ESSEX
CM2 0QT TEL: 0245 267170

Corporate Banking Australian Style

London base to £35,000 + benefits

The emergence of Australian companies as acquisitive and headline-catching players in international markets is good news for progressive Australian banks with global networks. Our client is one such bank. Through its London Branch, it is securing a growing share of the Australia-related corporate banking business available in the UK and Continental Europe. It works not only with Australian subsidiaries in Europe but also European corporates with interests in Australia.

To take advantage of this growth market, the Branch is seeking additional:

Business Developers
Credit Analysts

Candidates for these positions should be university graduates who demonstrate maturity, initiative and versatility. Applicants for a business development position should be aged 27-35, have good credit skills and have spent at least three years in front-line deal making with a reputable bank. Candidates for the credit analysis positions should be aged 23-27, have a sound training in credit, and see business development as their next career step.

The successful applicants will enjoy competitive remuneration packages and their future career development will closely reflect their abilities and performance.

Please send full cv which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.) Ref: R2286/FT.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Fax: 01-235 0434 Telex: 27874

SALES LEADERSHIP

International Banking

Bank of America, one of the world's largest international banks, is seeking a highly motivated individual with a strong banking background and excellent marketing skills to manage and motivate a team of experienced account officers.

Financial Institutions

Working within the Financial Institutions Group in the Bank's London Branch, you will be responsible for marketing the Bank's full range of products and services to insurance companies and other financial institutions. In view of the Bank's continued commitment to this area this position is of key importance to its business strategy. A knowledge of the insurance sector will *be an advantage, though not essential.*

Prospects for career development are excellent and an attractive salary will be accompanied by a comprehensive package of fringe benefits.

Write in strictest confidence with full personal, salary and career details to: Katharine Clarke, Personnel Officer, Bank of America NT & SA, 25 Cannon Street, London EC4P 4HN.

Bank of America

SENIOR SPOT TRADER

This position will appeal to candidates aged late 20s/early 30s and looking for the responsibility of running a Spot desk. You will take a "hands on" approach, actively trading a major currency whilst supervising a three man team. Remuneration is c.£40,000 plus vehicle and usual banking benefits.

CROSS CURRENCY TRADER

This position offers a compensation package which fully recognises the scarcity of talent in the cross currency market. You will have a proven track record, and currently be looking to accelerate your own career progression by working for one of the major banks in the City. You will work as part of a highly competent team of individuals, all of whom have proven track records in the foreign exchange markets.

SENIOR SPOT TRADER

You will have a good stable record with a minimum of five years active trading experience. This is an opportunity to trade in a major currency as part of a highly professional, competent team at one of the premier European banks in the City. The compensation package reflects the bank's commitment to hiring one of the best in the Spot market.

FRAs TRADER

A prime name European bank seeks an experienced FRAs specialist to start market making and running a book in a second currency. The organisation is already an established market maker in Sterling FRAs and has excellent in-house software for all front and back office operations. Salary will be c.£30,000, plus usual banking benefits and a very generous profit-related bonus.

Should you wish to discuss any of the above opportunities or alternatively be looking to further your career in other areas of Foreign Exchange and Treasury, please telephone **Steve Cartwright** for an informal discussion on **01-222 7733** or write to **John Sears & Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP.**

John Sears and Associates

A MEMBER OF THE SMCL GROUP

Broaden Your Financial Experience in Venture Capital

Investment Management — Manchester

Murray Johnstone is one of the UK's leading independent fund management groups, overseeing worldwide assets in excess of £4 billion. Recent developments have included substantial expansion, particularly in our venture capital division, where we currently have over £100 million to invest.

With the expansion of our Venture Capital business we are opening a new office in Manchester and are looking for a first class professional to manage this operation. You will maximise investment sourced from the North of England by identifying worthwhile venture capital opportunities, seeing them through from initial research to aftercare and performance appraisal.

Whilst specific experience of the venture capital field would be welcome, it is not essential. You should have an industrial background, combined with recent experience in the North West of England. We are looking for a seasoned finance professional with the ability to rise quickly to the challenges of a senior role. Typically, you will be degree qualified with an MBA, accountancy or legal post graduate qualification, with experience of corporate or investment finance with a major industrial, accountancy or consultancy firm.

Reporting to director level, we offer superb prospects, a package that will not prove to be a barrier in recruiting the best available individual, and benefits which include a company car and relocation assistance, where appropriate.

Please write with a full c.v. to: **Dave Biggart, Personnel Manager, Murray Johnstone Limited, 7 West Nile Street, Glasgow G1 2PX.**

MURRAY JOHNSTONE

c.£25 k + fully expensed car + concessionary mortgage · London

SENIOR ECONOMIST

A vital contribution to our strategic and corporate planning.
A critical move in your career.

Nationwide Anglia, one of Britain's largest and most innovative Building Societies, has developed a highly effective Corporate Planning Department.

An opportunity now exists for a commercially-oriented Economist who will play an important role in creating and sustaining strategic competitive advantage. You'll undertake a range of studies of external issues within the UK and worldwide – including political, economic, social, technological and competitive trends – then analyse, evaluate and synthesis your findings into meaningful management reports. Whilst maintaining this general overview you'll be expected to keep an entrepreneurial eye open to emerging new opportunities for the Group in the widest sense, and assist in evaluating their potential.

Much of this work will be stand-alone and to tight deadlines. It will give you a unique insight into the business as a whole as well as exposure to senior and influential people within and outside the organisation. Career-wise, this experience can do you nothing but good.

You must have an Economics degree and proven experience as an applied Economist or Econometrician in a policy development/planning environment.

Computer literacy is important and you should be familiar with some of these techniques: strategic portfolio analysis; scenario planning; forecasting; competitor profiling; strategic position audits.

The rewards, like the career prospects are excellent.

If you feel you have the confidence and the credibility for this highly visible role, please write, with your cv including current salary, to: Richard Wharton, Personnel Administration Manager, Nationwide Anglia Building Society, Chesterfield House, Bloomsbury Way, London WC1V 6PW. Closing date for applications Tuesday 29th November.

Nationwide Anglia Building Society

Nationwide Anglia is an equal opportunities employer.

GENERAL MANAGER EXHIBITION CENTRE MIDDLE EAST

C £50,000 + allowances

A modern exhibition and entertainment centre requires a General Manager. Reporting to the Owners the successful candidate would be responsible for the centre's objectives, strategies and policies and for the successful and profitable performance of operations.

Candidates are likely to be in their early forties and have good track record of management, marketing and selling in the exhibitions, fairs and entertainment sector. A degree and marketing qualification would be desireable. International experience would be an advantage.

Please write in confidence, enclosing career details to:

Reference CPA/25/RDA at
Afridi Ahmad & Associates,
75 Kinnerton Street, London SW1X 8ED

JAPANESE CONNECTION CORPORATE FINANCE/ ACCOUNTS OFFICER

Our prestigious client, a major JAPANESE world bank, requires a CORPORATE FINANCE OFFICER at Assistant Manager level for its U.K. corporate lending section. The ideal candidate will have some 3 years solid experience in credit analysis as well as marketing financial products, combining *a natural feel for lending analysis with the* persuasiveness necessary to sell these services. Candidates are likely to be in the 23-26 age range though this, like the excellent salary package on offer are negotiable.

Candidates of the highest calibre are invited to contact, in strict confidence,

MARK ANDERSON at J.A.C. on **01 796 3132.**

BRANCH MANAGER

For a well established subsidiary of a major Spanish Bank. Salary negotiable £25/30,000 plus benefits. The bank wishes to fill the senior position in its West End Branch. He/She will be responsible for the day to day running of the branch as will as maintaining/development business. The ideal candidate probably aged 35-45 should have approximately 10 years *experience in branch retail banking.* A knowledge of Spanish is desirable.

Box A1054, Financial Times,
10 Cannon Street, London, EC4P 4BY.

INTERNATIONAL APPOINTMENTS

DSC Has Banner Opportunities.

We are a very successful provider of digital *switching, radio and other transmission,* and cross-connect systems. Our approach to solving private and public network problems has made us the largest *independent* supplier of these systems in North America.

We are rapidly expanding our international business. We are building on our success to provide the most advanced product solutions to network transmission and switching needs in international country markets including European, Asian, and Latin American telephone companies and private networks.

SALES EXECUTIVES
We're looking for leaders, sales professionals, to *help us develop long-term relationships* with key future users of our equipment, people who listen, ask the right questions, people who can assist in solving our customers' switching and transmission challenges today and into the future.

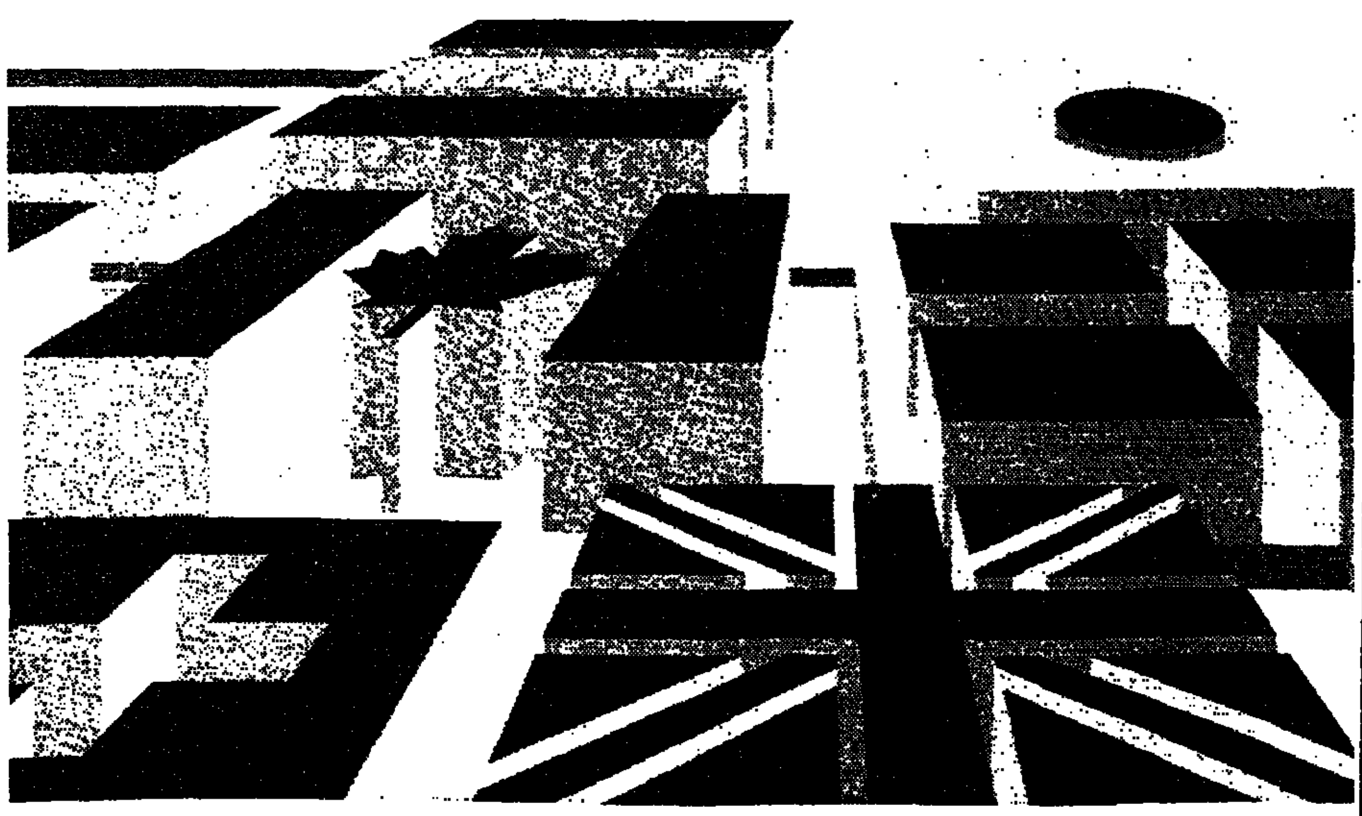
SALES APPLICATION ENGINEERS
We seek creative and technically advanced people who can apply features of our products to the benefit of our users, people who can solve customer application problems in a creative, technically sound and cost effective manner.

HARDWARE AND SOFTWARE SUPPORT
We want highly skilled technical support people *who can ensure that our systems* are installed, maintained and supported in accordance with our customers' high expectations, people who understand service, who know how essential system availability and reliability is to our customers and to our success *in the international marketplace.*

ADMINISTRATIVE MANAGERS
We need administrators who can help us plan, monitor and report on our growth and success, *people who understand the need for effective* processes and responsive systems, people who know the importance of effective execution to customer satisfaction.

We are strong and growing. We expect a lot from ourselves. So do our customers. *If you're good,* really good, and are committed to providing premier service, you should consider a career with DSC Communications. We value capability, performance and desire, and we reward these handsomely. If you would like to be considered, please forward your resume to: DSC Communications Corporation, Dept. JS/1088, 1000 Coit Road, Plano, TX 75075 USA.

DSC Communications Corporation



INTERNATIONAL APPOINTMENTS

Jonathan Wren International

GLOBAL MARKETING
MIDDLE EAST LOCATION
ASSISTANT VICE PRESIDENT/VICE PRESIDENT

Our client is a major off-shore international bank looking to augment its marketing team with an experienced banker capable of introducing and marketing its global products to its clients.

In addition to new business development the position will be responsible for the strengthening of the bank's relationships in the Arab world with its global network.

Candidates should have been educated to degree standard and have at least 10 years' international banking experience with 3-5 years in corporate lending/credit marketing.

Remuneration will be comprised of a tax-free salary plus ex-patriate benefits including housing, children's education, discretionary bonus, free medical, leaving indemnity etc.

Please forward a detailed curriculum vitae, or telephone direct, to Mr. Brian D. H. Jarvis, Senior Consultant.

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren International
Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266. Fax: 01-626 5258. Telex: 8954673 Wrenco

هكذا من الأصل

CLOSE BROTHERS LIMITED
BANKERS

Close Brothers, the merchant bank, is rapidly expanding its secured lending and property development activities within the UK. We therefore require three additional members to join the existing team. Applicants for these positions should be energetic, hard-working, and highly commercial. All members of our team are expected to participate in generating new business, and to carry responsibility for a portfolio of customers.

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FT LAW REPORTS

Insurers are not liable to indemnify US defendant

BOOKER AND OTHERS v BELL AND OTHERS
Mr Justice Gatehouse (Commercial Court): November 8 1988

WHERE PROCEEDINGS have *been properly served on a* defendant insured but he fails to appear, the court may declare in his absence that the insurers are not liable to indemnify him against his possible liability as defendant to a foreign action if, in the circumstances, to refuse such a declaration would impose injustice on the insurers.

Mr Justice Gatehouse so held when giving reasons for his decision made on November 3 1988 granting a declaration to the plaintiff insurers, Stephen Bruce Booker and others, that they were under no liability to indemnify the first defendant, Mr Robert Arthur Bell, in respect of acts alleged against him in the Californian State Court in San Francisco. Mr Bell was an officer and director of the second and third defendants, CE Heath (Marine) Ltd and CE Heath plc, who had acted as insurance and reinsurance brokers for the Californian plaintiffs, Beacon Insurance Co Ltd, Crowley Maritime Corporation and Delta Steamship Co.

HIS LORDSHIP said that the insurers sought a declaration that they were not liable to indemnify Mr Bell in respect of claims for *inter alia*, accounting, intentional misrepresentation, civil conspiracy and conversion, made against him in the Californian court.

Mr Bell had consistently evaded personal service of the present proceedings. Orders of substituted service and for leave to serve concurrent writs out of the jurisdiction were made on July 7 and August 25. One of the writs was served on *Rummonds & Mair, his Californian* attorneys. They had refused to accept service and returned the documents, but it was clear that proper service had been effected on Mr Bell in accordance with English rules.

Mr Bell had not appeared.

The insurers asserted that the Californian allegations properly categorised, were allegations of fraud, deceit, conspiracy, or failure to account.

The English court did not know and was not concerned with whether the allegations were true.

If they were eventually proved against Mr Bell there was no doubt that under fundamental principles of English insurance law, quite apart from express exclusions in the policies, the insurers would not be liable to indemnify him in respect of his liability to the Californian plaintiffs.

Such liability would have arisen from Mr Bell's own deliberate acts and fraud. The insurers would then inevitably be entitled to the relief claimed.

The question was whether the insurers, at the present stage, were entitled to relief in the form of a negative declaration in Mr Bell's absence.

In *Guaranty Trust v Hannay [1915] 2 KB 536, 564* the Court of Appeal confirmed the court's power to make purely declaratory judgments, though Lord Justice Pickford said "a declaration that a person is not liable in an existing or possible action is one that will hardly ever be made". He added that it was within the court's power to make such a declaration in a very exceptional case.

Declaratory judgments were now frequently made, and the law had moved on since 1915. But the court needed to be cautious in exercising its undoubted discretion to grant a declaration where the declaration sought was negative in form – as in the present case – and where the defendant against whom it was made was not present.

That was emphasised in *Wallersteiner v Moir [1974] 1 WLR 991*. There the declaration made at first instance was very different from that sought in the present case, in that it was declared in Dr Wallersteiner's absence that he had been guilty of fraud, misfeasance and breach of trust.

One could well understand the Court of Appeal's reluctance to endorse what would have amounted to a final judgment of fact. Lord Justice Scarman said at page 1030 that the court's power to give declaratory relief on a default of pleading "should be exercised only in cases in which to deny it would be to impose injustice on the claimant".

The need to apply careful scrutiny when the court was asked to made negative declarations was also referred to in *Camilla Cotton Oil v Granadex [1976] 2 Lloyd's Rep 10,14.*

The court applied careful scrutiny in the present case, but bore in mind that the declaration sought was only one of contingent non-liability. It was not one which in any way sought to determine the issues of fact which arose in the Californian action.

In *Insurance Corporation of Ireland v Strombus International Insurance [1985] 2 Lloyd's Rep 138,144* Lord Justice Mustill said that it was important that the reinsurers in that case sought no positive relief but confined their claims to negative declaratory relief.

He said: "The court undoubtedly does have jurisdiction to grant such relief, and we accept that in certain circumstances it may legitimately be claimed where a contract of insurance is in issue: for example, where a liability insurer needs to know in advance whether he must support the defence of an action brought against his assured".

In the light of threats by Mr Bell's Californian attorneys, that the insurers were responsible to indemnify Mr Bell and to conduct his defence in the Californian court, that passage was highly relevant and precisely covered the present case.

The court was satisfied that, in this situation, to deny the insurers the remedy sought would "be to impose injustice on the claimant".

The declaration was granted in the form sought.

For the insurers: Jonathan Gaisman (Hewitt Woolacott & Chown).

Rachel Davies
Barrister

هكذا عن الأصل

MANAGEMENT

The theory of "competency"

Why managers must come to terms with a minefield

Michael Skapinker explores the traps in a supposed measure of efficiency

Do you have a manager on your staff, a recently-graduated MBA perhaps, who thinks that he knows it all and can learn nothing from anyone else?

If so, there is a simple but humbling task you could ask him to carry out, guaranteed to demonstrate that even he has his limitations. Ask him to prepare a presentation for his colleagues on a book called The Competent Manager by Richard E. Boyatzis.*

There are people who seem to have read and understood The Competent Manager. I am not among them, having been *defeated by such sentences* as: "Conceptualisation was measured at the self-image level by the concrete experience and the reflective observation learning styles."

All the same, we are all going to be hearing a lot more about Boyatzis over the next few years.

The Management Charter Initiative, set up last year to develop a set of national management qualifications for the UK, has been *strongly* influenced by his book.

What Boyatzis has done, and what the Management Charter Initiative is trying to do, is to establish the competences that a manager needs to carry out his or her job effectively. Together with the Training Agency, the Initiative has embarked on a research project aimed at coming up with a list of competences which will form the basis for the national management qualifications.

The management competence idea has already been put into practice in the UK. National Westminster Bank makes use of management competences on its training courses.

The idea of management competences also forms the basis of the Master of Business Administration degree which Warwick Business School is running for National Westminster, the accountants Coopers and Lybrand, British Petroleum and the Metropolitan Police.

The difference between the MBA and the work of the Management Charter Initiative is that Warwick is concentrating on the competences which differentiate high-performing managers from their more mediocre colleagues.

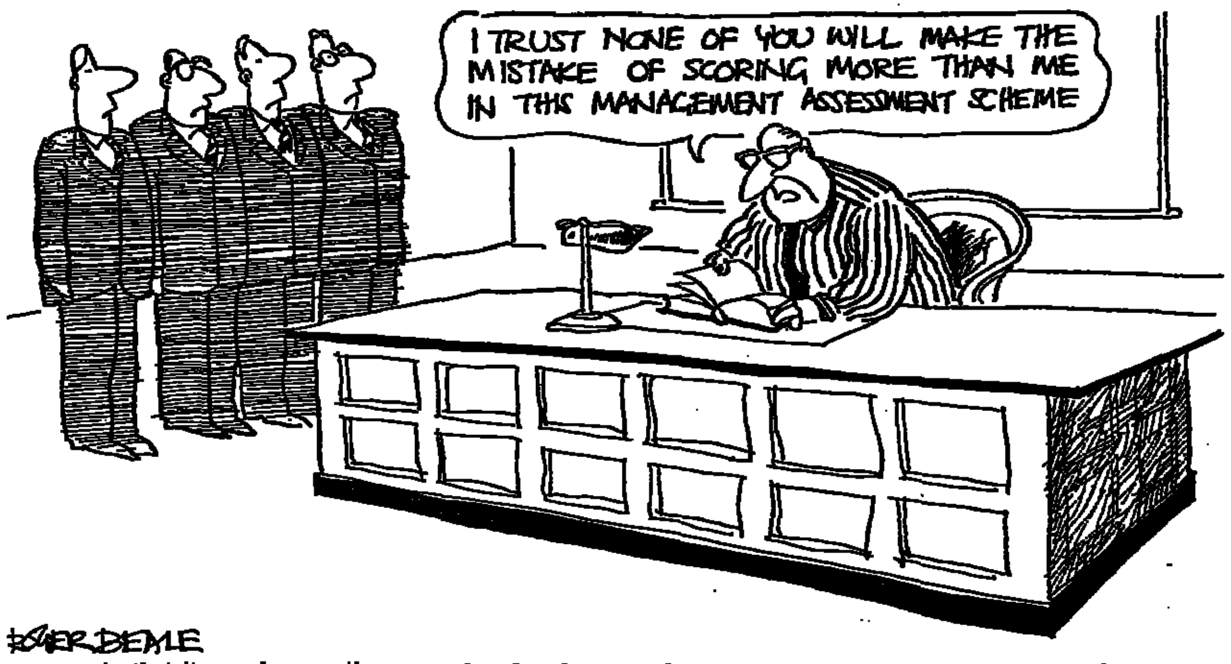
The companies participating in the MBA believe that not all high-performing managers need to have the same competences. Organisations can build teams in which the strengths of one manager compensate for the weaknesses of another.

The Charter Initiative is attempting something far more ambitious: to define the competences which all managers need, particularly at the more junior levels.

So what are management competences (or competencies, as they are sometimes called)?

"That's the billion dollar question," says Warwick's Professor Chris Voss. "We really had difficulty defining competency. It's a minefield, the definition."

Just how much of a minefield is made clear by Boyatzis. "A job competency is an *underlying characteristic of a person* in that it may be a motive, trait, skill, aspect of one's self-image or social role, or a body of knowledge which he or she uses," he writes. (The italics are his own.)



The Training Agency's definition, in its report on the subject**, is slightly easier to grasp. Competence is "the ability to perform the activities within an occupational area to the levels of performance expected in employment.

"This definition encompasses the organisation and planning of work, innovation and coping with non-routine activities. It includes qualities of personal effectiveness such as those which are required in the workplace to deal with self, colleagues and customers."

In other words, management competence is what a manager requires in order to do his or her job effectively. This, as the people at the Management Charter Initiative make clear, is not as obvious as it sounds.

All management development programmes make certain assumptions, either explicit or implicit, about what managers need to be able to do if they are to perform effectively.

Most programmes concentrate on the technical knowledge that a manager requires to work in the traditional functions of a company. There are usually courses in finance, marketing, industrial relations and so on.

What the advocates of management competence are trying to do is take the process a stage further. It is, in their view, no longer enough for managers to develop this functional expertise.

They need to be able to integrate these traditional functions. People in finance jobs need to be able to understand marketing and product development. People in research and development have to have a clear idea of what the customer wants and how much it will cost to bring their product to market.

All of them need to be aware of the environment in which their organisation operates. They have to appreciate that customers are far more demanding today, and that product life cycles are shorter. They need to understand the impact that national and international political events might have on their organisation.

They also need to be able to communicate with their colleagues, their superiors and subordinates. They have to know how to make presentations and build teams.

To assist managers in acquiring all these skills, the Training Agency and the Management Charter Initiative have drawn up a provisional list of management competences.

The list includes "dealing with people", examples of which would be interviewing, recruiting, chairing meetings and handling grievances.

Other competences are finance – including costing, budgeting and employee compensation – and personal effectiveness. The latter includes time management and oral and written communication.

Mike Day, who is on secondment to the Initiative from IBM, says that eight groups of consultants are now conducting more detailed research on what managers need to be able to do. Apart from looking at what has already been written on the subject, they are also conducting detailed interviews with managers in different organisations.

He stresses that the list of competences will only be finalised after extensive consultation with public and private sector organisations.

But how reliable are managers' own evaluations of the skills they need to operate successfully? Isn't it possible that what they actually do in their day-to-day work is substantially different from what they think they do?

Day admits that this is a difficulty. The National Westminster Bank is, however, attempting to go a step further than merely relying on managers' own accounts of the skills they need.

Kelvin Moore, senior manager in the bank's career development unit, says that a psychologist is currently following 40 of NatWest's most senior managers around in an attempt to discover what competences they actually use in their work.

But even if the Management Charter Initiative does eventually manage to draw up a list of competences, won't it have to change as the business environment and the needs of organisations change? Can competences be assumed to be constant?

Many of the critics of the plan to establish a set of national management qualifications worry that the competences will be set in stone and that the people responsible for administering them will be reluctant to see them changed.

"That's why I think we need some sort of organisation that can promote change," says Day. The organisation could re-examine the list of competences every few years to see whether they needed to be updated.

"You could have – as part of the rules of the organisation – that the people in it should be secondees from other organisations who serve for a maximum period of 18 months," he says.

Some, however, continue to argue that the idea of trying to write a list of competences which could be used nationwide is misconceived.

John Morris, formerly professor of management development at Manchester Business School and now an independent consultant, agrees that "it's a good idea to focus on what's needed to help managers do a better job. My objection is to the single, sovereign list of competences. Different kinds of activity will need different kinds of competence. I don't see the need for a single list. What they ought to provide is something which can serve as a starting point and not something that looks like a finished list."

Critics also wonder how the administrators of the national qualifications will be able to test managers' personal effectiveness and their ability to communicate.

"I think you can but the process is quite complicated," says Moore. "You're never going to make this a 100 per cent science, but you can go a long way towards it."

NatWest uses assessment centres to evaluate, among other things, managers' effectiveness in meetings. A small group of managers is given a task to achieve during a meeting. Observers then watch them to assess such things as their ability to listen to the views of others and to put their own points across.

Is it conceivable, however, that such an assessment system could be used to evaluate thousands of managers all over the UK? Day concedes that it is a formidable task. He says, however, that a start can be made by building up local networks of companies which could help one another develop means of assessing their managers.

**John Wiley and Sons, 1982.*

***Classifying the Components of Management Competences, Training Agency, Room W644, Head Office, Moorfoot, Sheffield S1 4PQ. Free of charge.*

Technology transfer

Why universities are missing out

David Thomas on a European study

● In Amsterdam, the 50,000-strong chamber of commerce is creating an Enterprise Centre which will house the technology transfer activities of Amsterdam's two universities and five polytechnics. The aim is to forge an easy link between local industry and universities.

● The city of Recklinghausen, in West Germany's Ruhr industrial region, together with local industry and Bochum University, is setting up an Institute for Research and Development. The plan is to help companies improve their products through access to scientific and technological expertise.

● The regional authorities in Brussels are building a string of research parks. Companies must demonstrate close links with universities in order to qualify for accommodation on these research parks.

● Academics at Copenhagen University successfully approached leading Danish companies and financial institutions to back their vision of a science park. They now occupy a large refurbished building with a number of companies already in residence.

Universities throughout Europe are intensifying their links with business, often motivated by the same pressure – a squeeze on funds available from public sources. Similar difficulties are experienced by many European academics and universities as they strike out in entrepreneurial directions.

Four British technology transfer practitioners – from the Universities of Sheffield, Nottingham and Leeds and the University of Manchester Institute of Science and Technology – had the idea of touring continental universities to see what lessons could be drawn from their industry links.

The four universities studied were at different stages in their technology transfer activity. Yet Amsterdam, Bochum in the Ruhr, Copenhagen and the Flemish university in Brussels evinced common problems.

The key finding was a lack of strategic thinking by the university authorities about their technology transfer activities. This resulted, as the British researchers report, in universities being "picked off by their own staff and opportunist companies because of their inability to change their traditional management styles and become more commercially aware."

Many universities think that setting up a technology transfer or industrial liaison office is sufficient. However, these offices "tend to exist as small units at the margin of university administration, unused and misunderstood by the majority of academics."

In such a position, industrial work generates a number of adverse consequences: most technology transfer is carried out by individuals with little benefit flowing to the university; many lecturers look down on applied industrial work as beneath them; and such work rarely helps academics up the promotion ladder.

This ad hoc attitude also affects the way universities sell themselves to business. Universities concentrate on reactive, one-dimensional marketing – the production of material to promote research, consultancy and other university services and to present a professional image to industry.

By contrast, the report concludes, "little attention has been paid to other aspects such as pricing policy, market research, project liaison etc."

Universities, the report argues, will have to adopt a more focused approach if they want to generate substantial external earnings.

Not everything is gloom and doom on the academic scene, however. The report highlights the increasing tendency of many European universities to spin off commercial companies from their research. Some universities are becoming professional in self-promotion

The report also found the staff of most university liaison offices to be of high quality, if not always adequately trained in the mysteries of business. As universities' thirst for cash intensifies, these offices can look forward to busy times.

Technology Transfer: A European Perspective. Allan Barnes, University of Sheffield, World Student Games Directorate, Western Bank, Sheffield S10 2TN.

TECHNOLOGY

EC argues about rules on interference

WHEN the first electronic petrol pumps were introduced in the UK they encountered a problem. Nearby radio equipment was interfering with the charging mechanism, causing the pumps to give away petrol.

The problem was that unapproved radio equipment, operating on "out of bounds" frequencies, was generating electro-magnetic interference, which affected the pumps' electronic components.

As manufacturers of all types of equipment, from washing machines to computers, incorporate more electronic components, so interference is becoming more of a problem. In offices, for example, some computer files have been wiped out by interference from nearby machinery.

As part of the move towards introducing common standards for equipment manufacture, the European Commission has drafted a directive on electro-magnetic compatibility. But there has been heated debate on the subject.

Britain's Department of Trade and Industry (DTI) is trying to change two elements of the directive. It is mustering representatives of UK trade bodies for a lobbying onslaught next week.

The two amendments proposed by the DTI refer to equipment for which there is no national or European standard and to telecommunications terminals, such as telex machines or telephones.

The directive should become law throughout the European Community in January 1992. The draft proposes that where there are no rules for the testing of equipment, the manufacturers should have to prove that it would not cause interference. This would, in practice, mean proving that there were no electro-magnetic emissions.

The UK contingent argues that this would be unworkable because so much equipment is not built to a standard.

Another proposal is that telecommunications terminals should be tested for electro-magnetic compatibility. This is not done in the UK at present and would lengthen the time taken to get equipment approved.

Della Bradshaw

A map that reveals the invisible

Clive Cookson reports on a leap-forward in geographic information

The public utilities dig 2m holes a year in Britain's roads, to lay and repair cables and pipes for water, gas, electricity and telephone services. The accidental damage caused by digging in the wrong place and hitting someone *else's* equipment is estimated at £20m a year. How can this be prevented?

Many retail experts predict a surplus of shops and intense competition between retailers in the 1990s. How can companies find the best possible locations for their new stores?

The answer to both these questions and a vast range of other operational and planning problems is to use a powerful new "smart mapping" technology, known as GIS (geographic information systems).

GIS is an extension of computerised mapping techniques developed in the 1970s. It is a way of manipulating any information which refers to specific locations on the surface of the earth.

The starting point is a map which is converted to digital form for computer storage. Information is laid on top of the digitised map in layers, like transparent pages in a loose-leaf folder. Armed with a graphics terminal, the user can zoom in on any part of the map – a house, street, town or region – and extract information from any combination of layers.

Early uses of GIS have varied from country to country. "In many parts of the world, computerised land registration has been driving its development," says David Rhind, professor of geography at Birkbeck College, London, and an international authority on GIS. "But in Canada forestry has been the driving force, and in the UK the utilities are taking the lead."

This year British Telecom and British Gas have announced plans to spend about £40m each on GIS. Over the next few years all their underground plant – every telephone cable and gas pipe – will be recorded on computerised maps.

At the same time, the less centralised water and electricity supply industries are setting up regional GIS networks. For example, Yorkshire Water Authority has just ordered a £500,000 system to map and analyse its water distribution and sewerage networks.

Although the utilities are setting up separate systems, they have agreed a set of common standards through the National Joint Utilities Group, to enable them to exchange mapping information by computer. This should make it possible not only to avoid damaging underground plant by digging in the wrong place but also to co-ordinate disruptive work better than the utilities do today.

GIS trials in Dudley, Worcestershire, and Taunton, Somerset, have already shown that the utilities can co-ordinate their underground engineering and maintenance work at a local level. As GIS is extended, it should put an end to stories about streets being dug up for gas mains and then re-surfaced, only to be re-excavated a few weeks later for telephone cables or water pipes.

Intergraph, a computer graphics company based in Huntsville, Alabama, claims to have the largest share of the global GIS market. Rob Owen, Intergraph's UK managing director, says that sales of GIS equipment in Britain will reach £40m to £50m in 1988 – "and we're still only scratching the surface of the market." McDonnell Douglas, another strong player in GIS, forecasts that UK users will spend more than £1bn on GIS equipment over the next 10 years.

Other important suppliers include: ICL, the largest UK-based computer manufacturer, which is making use of its strong links with local authorities to sell GIS equipment in the public sector; Toshiba, the Japanese electronics company, which is supply its mapping information data system (Minds) to utilities in Japan; and ESRI of California, which in 1982 launched the world's first commercial GIS software, Arc/Info. Two companies with a background in computerised mapping which have moved successfully into GIS are Laser-Scan of Cambridge, England, and SysScan of Kongsberg, Norway.

Although public bodies and utilities are installing the most extensive GIS networks, the private sector is rapidly increasing its use of the technology for sophisticated marketing and planning purposes. Typical users are banks and building societies in search of the best locations for new cash-point machines, supermarkets deciding where to open new branches and direct marketing companies targeting a mailshot at prospective customers.

Until recently this sort of "geodemographic analysis" has depended mainly on the rather general socio-economic information provided by the Government's official censuses. But now, with the increasing use of credit cards and the introduction in shops of Eftpos (Electronic funds transfer at point of sale), retailers and financial institutions are obtaining much more precise information about their customers, including where they live and their patterns of spending.

Several specialist GIS companies in the UK now provide a service to commercial users. The most innovative is London-based Pinpoint, which is working with Ordnance Survey (OS), the official UK mapping agency, to provide a unique 12-digit map reference for all 24m domestic and business addresses in Britain. This project involves integrating two huge databases – the Post Office's postcode address file and 230,000 large-scale OS maps.

Gurmukh Singh, Pinpoint's chairman, says that the project is almost half finished and will be completed by the end of 1989. Every address will then have a computer reference, called the Pinpoint Address Code, which locates it to within one metre on the National Grid. At the same time, Pinpoint is digitising Britain's road network.

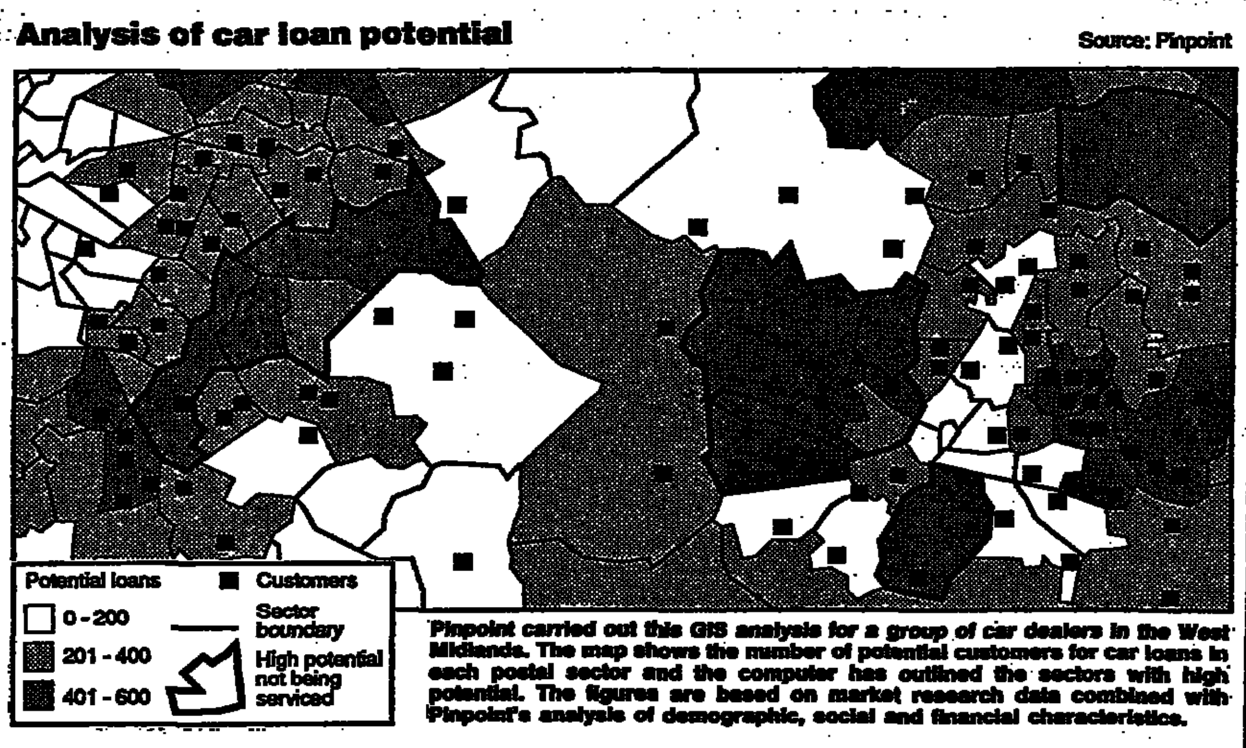
Last year, a UK Government committee of enquiry, headed by Lord Chorley, brought out an enthusiastic report on GIS – "the biggest step forward in the handling of geographic information since the invention of the map." Although the Government this year rejected one of the Chorley Report's main recommendations – that it should set up a Centre for Geographic Information – it is helping to bring together the main users and vendors of GIS equipment and services in a new Association for Geographic Information, which is likely to be launched in January.

At the same time the research councils, which distribute public funds to academics, are putting more money into GIS. The Economic and Social Research Council is organising a £1¾m GIS programme, divided between eight regional research laboratories. These will not only carry out academic research, but also compete for commercial contracts.

The South East Regional Research Laboratory, run by Birkbeck College and the London School of Economics, is the best established. Its showpiece project is for British Rail's Network South East, which is seeking the best locations for new stations to relieve overcrowding on its commuter lines into London. The researchers combined a detailed population analysis, focusing on likely rail travellers, with a computerised map of the regional rail network and its 900 existing stations. Several new stations chosen using GIS are likely to be built over the next two years.

Next Wednesday's Technology Page will look at British Telecom's use of GIS.

Analysis of car loan potential — Source: Pinpoint



Pinpoint carried out this GIS analysis for a group of car dealers in the West Midlands. The map shows the number of potential customers for car loans in each postal sector and the computer has outlined the sectors with high potential. The figures are based on market research data combined with Pinpoint's analysis of demographic, social and financial characteristics.

LARGE-SCALE Ordnance Survey maps – 1:1250 in towns and cities and 1:2500 in rural areas – form the basis of GIS in Britain. Although OS started digitising its maps in 1973 and has so far spent a total of £29m on the project, it has been strongly criticised by users for not moving more quickly. Less than a quarter of the 230,000 maps are available on computer.

Last year a Government committee of inquiry into GIS, chaired by Lord Chorley, urged OS to speed up its digitisation programme. Now Don Snowsill, OS digital marketing manager, says that all 55,000 maps covering urban areas should be finished by 1991/2, but it may the end of the century before the last rural map is digitised.

During the mid 1980s there was such a bitter dispute about digitisation between OS and the utilities that the latter considered by-passing OS and commissioning their own independent survey of the UK. The utilities wanted OS to speed up computerisation by reducing the number of "feature codes" on the digitised maps. They argued, for example, that the nine different OS codes used to describe different water features (lake, river, sea, etc) could be replaced by one.

As cartographers, OS officials were naturally reluctant to lose mapping information, but last year they reached agreement with the National Joint Utilities Group to cut the feature codes from 160 to just 15. And this year OS agreed with British Telecom that BT could employ its own contractors to digitise OS maps. If OS can reach similar agreements with other users, the completion date may be brought forward.

Although automatic scanners are available to digitise paper maps, none of them yet combines cheapness with the high quality required by OS. So OS sheets are still digitised on manual equipment by operators, who trace the maps and enter the appropriate feature codes on a keyboard. "We do it manually because that is most cost-effective," says Snowsill.

Coating that keeps pumps free of clay

By Duncan McNicol

WEIR Pumps, of Glasgow, in the UK, has successfully tested an internal low-friction coating that combats a serious problem caused to the mining industry by ochre.

In its first big operational trial, the coating has more than trebled the length of time between overhauls for a pump that removes water at British Coal's Britannia colliery, in South Wales.

Ochre, an ingredient in water-based paints, causes an internal build-up of fine yellow or red clay, which quickly affects the hydraulic balance of a pump and dramatically reduces its operating efficiency.

Water pumps at Britannia would normally be overhauled every 12 weeks to repair damage caused by this ochre-induced deposit.

In January, Weir stripped a six-stage, 14-inch, branch pump and treated it internally with its coating. The product contains a special compound that gives greater resistance to the deposit of suspended solids, such as clay. Ten months later, the pump was still operating normally and had required no repairs.

This has created savings for British Coal in both energy and maintenance costs, as well as extending the life of the pump. Weir claims that the cost of the overhaul and the coating is recouped in savings in a matter of weeks.

High-tech training for school leavers

A TRAINING centre to prepare school leavers for high technology jobs has opened in Surrey Docks, London.

The centre, run by MARI Advanced Training, has 60 places for courses of up to three years in computing and office technology. It is supported by the London Docklands Development Corporation and the Government's inner city task forces.

MARI, a computer group based in Gateshead, has also recently opened its fifth training centre in the north-east at Alnwick, Northumberland, where the backers include the European Social Fund and the Rural Development Commission.

For further details, contact Pat Simpson on 091 490 1515.

ARTS

TELEVISION

The Nine O'Clock News goes serious

For several years the BBC has been talking about a revolution in its news and current affairs programmes, and for some months this column has been commenting upon the absence of any evidence of that revolution on screen. Now BBC1's *Nine O'Clock News* has been re-launched with new opening titles, different graphics, one newsreader instead of two, different studio arrangements, several new staff appointments and – above all – considerable changes in attitude.

It is now more solemn, more austere, more didactic, drier than ever, and even narrower in scope. "News" under the new regime seems to mean, above all, politics and foreign affairs. Not only do "human-interest" stories take a back seat, but there appears to be even less attention than before (difficult as that is to imagine) paid to those aspects of man's endeavours which tend towards the optimistic and the pleasant rather than the pessimistic and the unpleasant: news about the arts and sciences seems to be virtually non-existent.

Whenever one of the two "flagship" news programmes is revamped it is always the cosmetics which attract most attention, largely, I suspect, because television PR departments can easily promote this aspect with photographs and descriptions whereas it is difficult to convey a change in outlook. The art-deco lightning motifs combined with the transmitter-mast rings in the BBC's new title sequence are rather more attractive than the old yellow blips, but such minutiae are hardly significant.

Of slightly more importance is the captioning – particularly the identifying of reporters – which has been chaotic and occasionally comical in the past fortnight. A male old-age-pensioner has been identified as "Polly Toynbee, Social Affairs Editor;" crowds, walls and open spaces have carried the names of other invisible reporters; and the words "John Simpson, Foreign Affairs Editor" have been slapped across Mrs Thatcher. Even that is not really important, and will presumably be sorted out as soon as the producers remember that the grammar with which we have grown up tells us that visual idents match people in vision, and you cannot put a caption on a voice.

It is the other use of writing on screen which is more worrying because here, I suspect, the effect is precisely what the broadcasters intend. They are continuing with, perhaps even extending, the habit of repeating in print the words delivered by voice. Thus Nick Higham, the new Media Correspondent, reporting on the broadcasting White Paper, says "There'll be much more television, a fifth conventional channel" and the words "5th national channel" come up on screen. He says "New companies offering programmes during the night" and the words "New night services" flash up; and so on.

Broadcasters have always felt they had a terrible problem in providing visual interest to back up the words of their reporters, fearing, it seems, that if we are simply shown the person delivering the words we shall all switch off. However, this habit of repeating in print the key phrases delivered orally, serves mainly to prove how shockingly few words you can cram into even a half-hour programme compared, say, with a newspaper such as this.

The other irritating constituent is the live picture of a usually bustling editorial floor which has been reintroduced behind the news reader's head, allowing Michael Buerk or Martyn Lewis to say at the end "From the news room, good night." This may seem like a good wheeze, conveying the thought that the news reader is simply the mouthpiece of a much larger undertaking, but in all other aspects it is surely a bad idea. When the news room really is busy the movement distracts attention from the news reader and, worse, contrasts oddly with the inlaid still photographs which have become so popular with news programmes these days. On the other hand, on nights like Sunday when the news room appears to be empty, the viewer begins to wonder if the poor old news reader has been deserted.

There is rather the sense that the tablets are being handed down from some superior being to the hoi polloi

As for the readers themselves, Buerk and Lewis are of course in the modern Humphrys/Simpson tradition, with considerable experience as journalists, rather than the older tradition represented by Richard Baker or Jan Leeming. It was significant that Miss Leeming was not a member of the National Union of Journalists, but of Actors' Equity. By all accounts many viewers were only too happy to have a good actor or actress reading the news, but there have always been some viewers who preferred ITN's *News At 10* partly because its news readers – Alastair Burnet, Sandy Gall and so on – were obviously experienced journalists. It seems that the BBC has now moved firmly into that school.

The school's English is not what our parents learned to expect from the BBC. Lewis recently announced "Tonight it looks like they'll back Likud . . . " and Buerk asserted that Dukakis "Lost out heavily." Hospital wards are never closed but "closed down," nurses "take industrial action" (meaning non-industrial inaction) and split infinitives are virtually standard: Friday's report on oil rigs, for example, included the words "To effectively buy out . . . "

But however demotic the language may be, the tone is not that of a friend passing on information. There is, rather, a sense of the tablets being handed down from some superior being to the hoi polloi. Buerk, standing in front of the White House last Tuesday, explained "The presidential election isn't decided by a simple majority . . . " and you knew that we were in for one of those Janet-and-John lecturettes in which *Weekend World* used to specialise.

It should not be the object of a news bulletin to teach us about the constitutional intricacies of the US. No doubt it should be one of the objects of a good public service broadcasting organisation to offer educational programmes serving that function, but news programmes should be full of news. The attack on that "bias against understanding" which is supposedly inherent in television news ignores the fact that any two viewers will have vastly different levels of knowledge in different subjects.

There would, anyway, appear to be something approaching a paradox here. Under the BBC's new regime there seems to be more foreign material than before. While ITN gave the US presidential election 10 minutes last Wednesday, the *Nine O'Clock News* gave it 20, and my impression is not only that BBC news is spending more time on foreign stories but that the selection is, generally, more serious than it has been for decades.

There is nothing wrong with that: better educated viewers (such as FT readers, perhaps) may welcome a less trivial and more international television news service. But presumably they will also tend to be the viewers least in need of the Janet-and-John approach. Conversely, those most in need of elucidation will probably be least attracted to a news bulletin which devotes two thirds of its time to a foreign election.

The irony is that even after these changes which are, no doubt, seen inside the broadcasting business as quite radical, the BBC's *Nine O'Clock News* and ITN's *News At 10* are still more alike than – say – the Daily Telegraph and The Guardian, or the Daily Mail and Daily Express. As for the idea of news media needing to be as varied as the Daily Mirror and The Independent in order to cater for the full span of public demand – well, we shall probably have to wait for the technological revolution after next before television gets round to anything as advanced as that.

Christopher Dunkley

Alastair Muir

David Rendall and Leontina Vaduva

Manon

COVENT GARDEN

If only we had our own version of the Opéra-Comique in London. There is an entire genre of delectable, lighter French lyric works that would surely breathe new life and none more so than Massenet's *Manon*, which is itself virtually a love-affair with all things French: the poetry of the language, the sensuality and perfume of music that reeks of a culture unlike any other.

Of course, this was an opera that crossed over to the grander home of the Opéra, too, and yet productions in larger houses always seem to have those dice at the Hotel Transylvanie loaded against them. The Royal Opera's recent production was accounted a virtual disaster when it was new last year and the company has now responded by bringing in John Cox, the Production Director, to re-think the piece within the original designs.

Among those who saw this *Manon* on the first time round, there is unanimous agreement that the whole production has improved beyond recognition. But for anybody who missed it then, as I did, there is likely to be a sinking suspicion that the spirit of this elusive masterpiece is still just out of reach, however praiseworthy and generally true to Massenet's intentions the work of the Royal Opera's rescue team has been.

They have certainly found a potentially excellent cast. The new Manon, the young Rumanian soprano Leontina Vaduva, is a genuine find. Attractive of figure, sparkling of voice, she has everything that this dazzlingly many-sided role is ever likely to require. At this first performance the only problem was that she was so slow to sell her virtues, which Manon herself never was.

The first two acts were decidedly under-projected: "faiblesse et fragilité" indeed, but there must have been more to the girl if her parents had been forced to pack her off to a convent at the age of 15. Only with the "Cours-la-Reine" scene were first-night nerves shaken off and from then on, as confidence grew within her, so her Manon illumined centre-stage and the whole show began to lift in spirit around her.

It was in these later stages that David Rendall's des Grieux also came into his own. The poetic, heady singing of the true Massenet tenor is unfortunately no longer within this singer's capacity: we get an uneasy mix of sounds, nasal and open, strained and free, where a single flow of lyrical tone is required. But as soon as full power is called for, the voice locks into place and for the opera's dénouement he made an exciting, ardent hero.

In the pit Michel Plasson led an acceptably stylish performance. He is not another Monteux (oh, what miracles of wit and elegance that old magician found in this score!) but the pacing had just enough forward push and the balance between orchestra and singers was cared for most assiduously. The rarely-heard last scene of the first act was included, but not the ballet – a passing shame as the opera really does need it.

There was an above average supporting cast. That François Le Roux should have made such an excellent Lescaut will be no surprise. He is the best male singer to have come out of France for many years. But there were also keenly observed portrayals from Stuart Kale as Guillot, Barry Mora as De Brétigny, and (with reservations over the vocalism) Donald McIntyre, a more irascible than usual Comte des Grieux. Even the giggly girls' trio (Judith Howarth, Linda Kitchen, Claire Powell) was strongly cast.

Why then, after all, does the sense of disappointment persist? Not because of any one performer in particular. But because the evening does not communicate as eagerly as it should. We miss the intimacy and, perhaps more than anything, that tingling feeling of life being enjoyed to its limits, on which *Manon* thrives. The old ENO production had it, but with this one we shall have to wait and see. At least, if the present cast fulfil their promise, the omens are good.

Richard Fairman

Schoenberg Festival

PURCELL ROOM

Schoenberg's Wind Quintet Op.26 is famous for its opacity, recalcitrance and compositional rigour: it marks the first employment of strict twelve-tone technique in a long and substantial work, and Schoenberg weirdly compensated for this excessive novelty by casting the music in four strictly classical movements. Musical surrealism was the inevitable result, but even on these terms the quintet has gained few admirers. The Wind Soloists of the Chamber Orchestra of Europe must, on the strength of their performance at the Purcell room on Monday night, be the best friends the work has ever had.

They are all young but brilliant musicians and, quite unintimidated by the work, brought to it enormous reserves of brio, freshness and colour-sense. They took the music very seriously, duly observing the first movement's exposition repeat and made it forcibly expressive, even entertaining. They paced each movement with obvious feeling for structural logic: tension was ever-gathering, climaxes maximally effective.

The sonata-form of the first movement was bravely delineated – debatable though it is that there can ever be a sonata-style "development section" in music whose twelve-tone idiom is either all, developmentally speaking, or nothing. The *scherzando* second movement had devastating despatch: the phips and chirrups from the piccolo (Thierry Fischer) and oboe (Douglas Boyd) gave the texture a deliciously sharp edge, which, by the climactic end, had turned into a Varèse- or Birtwistle-like general stridency.

A slow tempo does not bring out the best in twelve-tone music, but this *Etwas langsam* third movement was graced by extremely eloquent phrasing and conveyed a sort of hard-boiled wistfulness. The *Rondo* finale reinstated atonal chirpiness in a tumult: it was a dynamic display from all the players, the other three being hornist Jonathan Williams, clarinettist Richard Hosford, bassoonist Matthew Wilkie.

Nicely complementing the wind quintet was Bernard Roberts's performance of Schoenberg's previous opus (25), the Suite for Piano, also completely twelve-tone in language. Roberts played with a vigour which was usually admirable but occasionally verged on brashness: dangerous in music which needs the lightest touch if it is not to risk sounding stodgy, intellectual and dull.

Paul Driver

Tokyo Quartet

WIGMORE HALL

Another week, another series; just as the Takács was rounding off its Bartók cycle on the South Bank, the Tokyo Quartet launched a three-recital series of Bartók and Schubert at the Wigmore Hall. The Tokyo plan frames the first three Bartók quartets with early and late Schubert. So on Monday Schubert's first surviving quartet, in G minor/B flat D.18, and his very last, the G major D.887, surrounded Bartók's Third.

*The Tokyo is a svelte, nerve*less group, elegantly musical in an utterly impersonal way. There is not much to be done with prentice Schubert except to ensure that its melodies are sensibly phrased and to stay in command as the music careers through the keys and plunges into fugato at the slightest provocation. But Bartók 3 needs more than an unravelling of its technical demands, fearsome though they are. Here, though one admired the perfectly weighted pizzicatos and *martellato* chords, the pinpoint interlocking of glissandos, the playing was some way off targetting the work's curious compressed fusion of expressionism and folk-tinged sentiment.

Bartók provided no room for mannerism, but the Schubert G major gave all too much. The Tokyo's prissy rubato applied formulaically, it seemed, to any phrase deemed "expressive," swiftly became toe-curling; the cello's shaping of the second subject in the opening movement, self-consciously laboured, established the mould. Performances of the first movement that do not send a shiver down the spine are peculiar re-creations; those that draw no pathos from the Andante or nervy danger from the finale rarer still. But there was no tragic grandeur here, only lifeless immaculate edifices from which humanity had been displaced by smugness.

Andrew Clements

Geraldine McEwan (pictured left) and Sara Kestelman last night took over the roles previously played by Maggie Smith and Margaret Tyzack in Peter Shaffer's "Lettice and Lovage" as the play enters its second year at the Globe Theatre.

What we have lost in brilliant baroque fluttering and four-square incredulity from Smith and Tyzack we make up for in squinting, optimistic determination and butch acidulousness from McEwan and Kestelman. It is far less cosy a combination, more hedged about with pain and curiously less suggestive of a crypto-lesbian relationship between the fantasising tour guide and her disapproving employer.

Where once we luxuriated in Smith while she arranged her arms and wrists into extravagantly sculpted gestures through which the play slowly trickled, McEwan pins down Lettice to the actressy core, visibly overtaken by thespian pleasure as she piles on false details in Fustian Hall and dramatically unpeels to reveal her Mary Stuart execution frock.

Michael Blakemore's production has been tightened, the text pruned and the ending successfully re-written to maximise a topical appeal on behalf of the Prince of Wales campaign for improved standards of architecture.

Moray Watson is a snappy improvement on Richard Pearson's befuddled lawyer. Miss Kestelman is briskly anguished but unlucky with wigs. To wear one bad wig is *unfortunate*. To wear *two* is excessive and likely to attract comparison with Charlton Heston as Sir Thomas More.

Michael Coveney

ARTS GUIDE

November 7-11

THEATRE

London

The Secret Rapture (Lyttelton). Brilliant new David Hare piece for the National Theatre, a satirical but moving romance on life, love and family politics in Thatcher's Britain. The play of the year (928 2252, cc 240 7200).

The Phantom of the Opera (Her Majesty's). Spectacular, emotionally nourishing new musical by Andrew Lloyd Webber (839 2244, credit cards 379 6131/240 7200).

The Admirable Crichton (Haymarket). Rex Harrison and Edward Fox in enjoyable revival of Barrie's imperishable comedy of class barriers and reversals on a desert island (930 9832, CC 379 4444).

Bartholomew Fair (Olivier). Successful Victorian transposition of Ben Jonson's sweaty masterpiece with ferris wheel fairground setting and much zanily eccentric acting in Richard Eyre's National Theatre company. (928 2252). Nov 17-19, 28-29, Dec 3-10.

The Shaughraun (Olivier). Recommended Christmas treat, as Boucicault's melodrama is given the full scenic works but is also revealed as a key Irish dramatic milestone. Fine National Theatre cast led by Stephen Rea. (928 2252). Dec 17-23, Jan 5-10, 19-21.

The Sneeze (Aldwych). Eight short Chekhov pieces – four vaudevilles, four early stories – translated and adapted by Michael Frayn and performed in various styles by Rowan Atkinson, Timothy West and Cheryl Campbell. Slightly rewarding, intermittently funny (836 6404, CC 379 6233).

Sugar Babies (Savoy). Mickey Rooney and Ann Miller repeat Broadway roles and exhibit stamina and star quality in a mixed bag of coarse burlesque sketches (836 8888).

Amsterdam

Stadsschouwburg. The English Shakespeare Company closes its Dutch tour of the Wars of the Roses with Henry V (Fri), and on Saturday: Henry VI, Lancaster (10.30 am) and York (3 pm), and Richard III (7.30). (24 23 11).

New York

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its US incarnation: the skaters do not have to go round the whole theatre but do get good exercise on the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up, silly plot (586 6510).

Speed-the-Plow (Royale). David Mamet applies his biting sarcasm and ear for the exaggerations of American language to Hollywood, in this screamingly funny and well-plotted exposé of the film industry (239 6200).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Tokyo

Kabuki, performances at 11am and 4.30pm. The mixed morning programme includes a seasonal piece, Momoji Gari, or The Maple-Viewing Party, featuring a spectacular transformation of a woman into a demon. In the afternoon programme, Kotobuki Soga no Taimen, or the Soga Brothers Confront their Enemy, a tale of vendetta is written and performed in the bombastic, highly theatrical "ara goto" style. Among the artists appearing this month is 71 year old "living national treasure", Nakamura Utaemon, who specializes in female roles. Excellent programme and earphone commentary in English. Tickets available for a single act. For details, enquire at the theatre. Kabuki-za. Ends November 25 (541 3131).

Kabuki (National Theatre) (265 7411). A mixed programme, which includes Kiri Hitosuha, a "new" kabuki play written in 1904 and the classic Migawari Zazen (The Substitute), about a young lord who escapes from his jealous wife to visit his mistress. Unfortunately for him, his wife's vigilance is more than he had counted on! English language programmes and earphone commentary. Performances at 12 noon and/or 5pm. Ends November 27.

Saleroom

Picasso breaks records

The auction record price for a painting by Picasso was broken for the second time in four days on Monday night when Christie's in New York sold "Maternité," a work of his Blue Period (1901), for £13,674,033, a record for any 20th century work of art. It shows a Madonna-like mother kissing the forehead of her son, and was bought by a Latin American collector. On Thursday Sotheby's had sold a Cubist Picasso for £8.5m in New York.

The Picasso was the highlight of an extraordinarily successful sale, suggesting that the top rank of the art market had recovered its nerve after Sotheby's moderately good auction of Impressionists and Post Impressionists on Friday.

On offer at Christie's were 29 major works collected by the late William and Edith Goetz during the 1940s. They brought in £47m ($85m), way above Christie's estimate of $50m and a record for any one owner auction. All found new homes. William Goetz was a movie mogul and his wife was the daughter of Louis B. Mayer.

Another record was the £5.6m paid for one of Degas' bronzes of a young dancer wearing a muslin skirt. These were actually cast in 1921, 40 years after Degas sculpted the original wax version. Twenty seven examples are known and Sotheby's sold one in May for a slightly lower price.

There was also an impressive record for a Bonnard, £4.13m, double the top estimate, which secured "Après le repas," showing his wife clearing the table. Other artists to establish new saleroom highs were Sisley – £2m for a peaceful scene of barges on a river, and Fantin-Latour, £1.7m for a flower painting. Marie Laurencin, Soutine and Vuillard were other record setters.

A Monet view of the beach at Trouville sold for £5.95m; a 1929 Picasso of his son Paul dressed as Pierrot, which hung in the child's bedroom, went relatively cheaply for £2.8m; and a Cezanne landscape of the valley of the Oise made £2.79m.

The British Rail Pension Fund, which is selling off its 1970s art investments, hit the jackpot at Sotheby's in Geneva on Monday when a French silver gilt oval soup tureen and cover, made by Odiot in Paris around 1817, sold for £372,180 to the London dealer Koopman. In 1976 the Fund had bought it for £12,780.

Equally impressive was a German silver gilt ewer and basin made in Danzig around 1650. It cost the Fund £19,476 twelve years ago, and realised £318,421 on Monday. The 25 lots of European silver added almost £2m to the Fund.

Antony Thorncroft

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday November 16 1988

Risk of public squalor

The performance of the UK economy in the last year may have been "a little too strong", as the Prime Minister put it delicately, but this has had one great advantage. In the words of the Chancellor of the Exchequer, "total public spending this year, even excluding privatisation proceeds, will be less than 40 per cent of national income – the first time this has happened for over 20 years." Is this really a great success? Does this not depend on what public spending is for?

The Chancellor's speech on the Autumn Statement was full of such remarks as "an extra £1¼bn is being provided for the National Health Service in 1989-90." Increases were also announced for roads, housing, law and order, and defence. But what are these "increases"?

They are, in fact, no more than upward adjustments in figures announced in last January's White Paper. By the simple expedient of announcing very low figures in the first place, it is child's play to produce a cornucopia of such "increases". For example, "real" spending on the Department of Health is forecast to increase by only 1.4 per cent between 1989/90 and 1990/91 and on the Department of Education and Science not to increase at all. On past performance neither forecast looks in the least credible. They are, presumably, the bases from which the Chancellor can claim generous "increases" next year.

Misleading

Still more misleading are the figures on the "real" level of spending. The implications of the Government's procedure can be indicated in the key cases of health, defence and education, which account for close to 40 per cent of the public expenditure planning total. Between 1978/79 and 1987/88 "real" spending on health rose by 30 per cent, on defence by 23 per cent and on education by 8 per cent. By contrast, the National Accounts give a very different picture for the period from 1979 to 1987, with increases in volume of a mere 10 per cent, 10 per cent and 3 per cent, respectively.

What explains these differences? The National Accounts use an "own cost" deflator. The Autumn Statement's uses the GDP deflator, implicitly assuming that productivity growth is in line with the average for the economy as a whole. While the former may be too pessimistic, the latter is far too optimistic. Paradoxically, the error is greatest precisely when, as now, the economy is performing well, for it is then that the gap between productivity growth in manufacturing and services is at its greatest.

In short, the government's announcements on public spending are up to the most creative standards of the accounting profession, but the misdirection is not accidental. It conceals a profound dilemma.

National income

The Government, quite understandably, wishes to control the share of national income that flows through the public sector. At the same time, it has been unable to jettison its responsibility for determining the level of spending on a number of essential services, the key characteristics of which are that demand for them rises more rapidly than income, while costs rise more rapidly than those in the economy as a whole.

Is there a way out of the dilemma? From the government's point of view the best escape might be to transfer responsibility for health, education, transport and so forth to the private sector. But this is not going to happen. It is left with its responsibilities for determining levels of spending in key areas on behalf of the people of the UK.

This being so, the simple-minded assumption that a reduction in the share of GDP that goes on public expenditure must be a "success" is indefensible. It is quite unlikely, for example, that parents would regard their ability to pay for a cheap holiday on the Costa del Sol as adequate compensation for the government's refusal to spend more on their children's education.

Public spending cannot be intrinsically bad and its reduction as a share of GDP cannot be intrinsically good. In a number of cases public spending ought to rise substantially faster than national income. Success in the management of public spending consists in providing people with services of the quality and quantity they would demand if they had the choice. If the Government is unable to give them the choice, it should not disguise this failure in a cloud of rhetoric about successfully reducing public spending to its lowest share of GDP for 20 years.

Visiting day in Washington

AFTER PRESIDENT Reagan's "farewell" visit to London on his way back from Moscow in June, it was announced with some solemnity that he had invited Mrs Thatcher to visit Washington once more in his presidency, just after the election of his successor. British Government sources added that she had been promised a meeting with that successor, whoever it might be, and hinted that this was a rare honour, indicative of her unusually high standing in the US generally and with Mr Reagan in particular.

In the event the West German Chancellor saw the President-elect just ahead of her yesterday. There is no suggestion that he deliberately stole a march on her, or that Mr Bush and his advisers have arranged the allied leaders in any kind of pecking order. Apparently Mr Kohl just happened to be in the US on other business, and it obviously made sense for him to drop in on Mr Bush while he was there.

Appropriate symbolism

There is none the less an appropriate symbolism about this sequence of events. The British like to make a fuss about their "special relationship" with the US. Mrs Thatcher does undoubtedly have a special relationship with Mr Reagan, powerfully conveyed by their public exchange of compliments at the Guildhall last June, and she undoubtedly is popular with the American public, many of whom see her as sharing Mr Reagan's firm dedication to political and economic freedom but exerting a much firmer grasp on the people and events around her.

The Germans do not make a fuss and neither they nor their Chancellor have any special glamour in American eyes. But when Americans get down to business with their European allies there is a tendency for West Germany to come first. Certainly in economic affairs there is no doubt which European country belongs to the Big Three, and in geo-strategic terms, too, it is with West Germany that the US has above all to reckon.

The federal republic supplies the largest share of Nato's manpower in Europe and it occupies the central position on the central front facing the Soviet Union. Its relations with its ugly sister beyond the Elbe, its sensitivities about the stationing and targeting of nuclear weapons on German territory, its daydreams about reunification through détente or through neutrality, its growing trade with, and generous credits to, the Soviet bloc – all these require careful and constant attention in Washington. To say that Britain by comparison can be taken for granted would perhaps be an undeserved insult to both British independence and West German reliability. But Mrs Thatcher would probably take it as a compliment.

In any case, there is no need for West European leaders to compete for Washington's favour, any more than there is for Western leaders in general to compete for Moscow's. The US frequently asserts its earnest wish to see Western Europe strong and united. The Soviet Union, more surprisingly, has now taken to expressing the same view and Pravda has even felt entitled to rebuke Mrs Thatcher for her hostility to European federalism.

No doubt therefore it would be as wrong to see Mr Gorbachev's cultivation of Mrs Thatcher as intended to put a brake on West European integration as it would be to interpret his advocacy of a "common European home" and of global nuclear disarmament as an attempt to divide Western Europe from the US. But the best insurance policy on both counts is for Western leaders to co-ordinate their own views carefully before responding to his proposals, or making any new proposals to him.

Michael Holman examines the background to the breakthrough on Angola and Namibia

SUMMARY OF UN RESOLUTION 435

The basis of a settlement in Namibia was set out in UN Resolution 435 passed in September 1978, and amplified during subsequent negotiations:

- Ceasefire. South African forces & Swapo guerrillas confined to bases. Phased withdrawal of South African troops
- Creation of a demilitarised zone along the Namibia-Angola border. A 7,500-strong UN force to oversee a seven-month transition to Namibian independence elections
- The South African Administrator-General of Namibia to repeal discriminatory laws. The release of all Namibian political prisoners. Refugees permitted to return
- Free & fair elections to a constituent assembly, monitored by a 300-strong international police force. Assembly members, elected on the basis of proportional representation, to formulate & adopt a constitution

A long war draws to a close

The cordial gathering of diplomats, intelligence officials and generals in a Geneva hotel last Friday night turned out to symbolise the breakthrough that was to come in the south western Africa peace talks.

The enmity of the war in the region was put on one side. Although nearly four days of sometimes fraught bargaining between delegates from Angola, Cuba and South Africa lay ahead, the atmosphere at a reception to mark Angola's 13th anniversary of independence suggested that independence for Namibia was at last within reach.

The key protagonists – President P.W. Botha of South Africa, Fidal Castro, the Cuban leader, and President Eduardo dos Santos of Angola – seem finally to have been convinced that a settlement is in their best interests. Pressure from the superpowers, the growing cost of the war in northern Namibia and southern Angola, and the existence of a UN plan for Namibia's independence agreed in principle almost a decade ago all played their part.

The package agreed by negotiators in Geneva yesterday has something for everyone. If it is ratified by the respective governments, Cuba will be able to claim that its force played a decisive role and its men will go home with honour. Angola will be closer to the peace it desperately needs. South Africa will lose a colony but will claim that it forced the Cubans out of southern Africa. The South West Africa People's Organisation (Swapo), the guerrilla-backed Namibian independence movement, will almost certainly win office, although its authority will be severely constrained by economic dependence on South Africa. The US will take credit for a diplomatic triumph.

Only two groups will have misgivings. The African National Congress is likely to have its guerrillas excluded from both Angola and Namibia; the Unita opposition guerrilla movement in Angola, led by Dr Jonas Savimbi, will lose Pretoria's military support under the deal.

But Cuba, Angola and South Africa all have something to gain. Thus at a series of press conferences in Geneva yesterday, the three delegations made clear that the protracted series of talks which began in London last May had produced agreement in principle, to be endorsed by the three governments in the Congolese capital Brazzaville within the next few weeks.

Although full details have yet to be revealed, the broad outline of a regional package is already known. A seven-month countdown to UN supervised elections in Namibia is scheduled to begin early next year, coinciding with the phased departure of Cuban troops from Angola and South African forces from Namibia.

Assuming the settlement goes ahead, it will have profound implications for a region which has not known peace for over two decades.

It will reduce – if not end – superpower tensions in the area. Non-aggression pacts between South Africa and Namibia and Angola, which form part of the package, reduce the risk of further conflict. The agreement raises hopes for a negotiated end to Angola's civil war, because the fall-off in Cuban support for government forces, and an end to South African support via Namibia to Unita, is expected to give impetus to discreet peace talks already under way.

The main obstacle to an agreement between the delegations – the terms of the Cuban troop withdrawal – appears to have been overcome during the Geneva talks when Dr Crocker apparently won agreement on compromise terms for a withdrawal which the delegates will take back to their governments for ratification.

The details of this have not yet been disclosed. It seems likely, however, that Cuba has said that it will carry out a phased withdrawal of its 50,000 troops from Angola over the next 30 months. At least 4,000 of them will go before the seven month transition to Namibia's independence begins.

Barring hitches, the 1.4m people of Namibia will vote in independence elections in mid-1989 which most observers expect will be won by Swapo, led by Mr Sam Nujoma, which has been waging a guerrilla war since 1966.

By early 1991, the last of the Cuban troops will have left Angola, although the majority will depart by the end of next year. Within the next few weeks, according to African diplomats, talks between Luanda and Unita could get under way.

As part of the regional package, Angola's President dos Santos will request the ANC to close its guerrilla training bases in his country. Mr Nujoma has already made it clear that while he supports the ANC, he will not allow the organisation military training bases in Namibia, nor permit guerrilla infiltration of South Africa through the territory.

At the same time, Mr Nujoma has been softening his party's ostensibly Marxist stand, pulling back from pledges to nationalise the country's vital mining sector, assuring white farmers that their land rights will be respected, and urging the business community to stay on in a black ruled Namibia.

Mr Nujoma has also accepted, for the time being at least, South Africa's legal right to ownership of the enclave of Walvis Bay, Namibia's main port.

Three main factors paved the way for the resolution of a regional conflict which has cost billions of dollars and scores of thousands of lives and which has seen the superpowers in conflict by proxy.

The first, and perhaps most critical, is what Dr Crocker calls the "convergence of interests" between the US and the Soviet Union during the Gorbachev era.

Both Washington, which helps arm Unita, and Moscow, the main weapons supplier to the Marxist government in Angola, decided that it was in their mutual interest to extricate themselves from a regional conflict which served no useful purpose for either.

From the beginning of the initiative, Dr Crocker has sought the support of Mr Anatoly Adamishin, the Soviet deputy Foreign Minister, and

The settlement will have profound implications for a region without peace for over two decades

the ministry's Africa expert, Mr Vladillen Vasev. The most tangible indication of Moscow's co-operation was the declaration earlier this year that the Soviet Union was prepared to be a co-guarantor of a regional pact.

This superpower co-operation took place as it became increasingly clear to Angola and South Africa that neither was likely to emerge the victor in an increasingly costly battle.

Angola, backed by a Cuban force which numbered in the hundreds in 1974-75 and steadily increased to the current level of 50,000, gradually concluded that, while they might contain, they could not defeat the combination of Unita and its South African ally, whose forces dominated much of southern Angola.

At the same time economic factors began taking their toll. The government's tentative efforts to reform the economy needed the resources that only western governments and institutions – such as the World Bank and the International Monetary Fund could provide.

Washington effectively vetoed Angola's access to the IMF and the Bank. The economic screws were tightened as Angola, which gets 90 per cent of its export earnings from oil, watched world prices fall.

A combination of economic and military factors was also at work in Pretoria. Since 1985, when foreign banks refused to roll over its loans and precipitated a debt crisis, the South African economy has been in severe difficulties, compounded by the low price of gold, which accounts for 60 per cent of export earnings.

On the military front, the past 18 months have seen the largest number of white South African deaths (more than 50) since the conflict began.

The turning point, militarily and psychologically, came in 1987. An Angolan offensive in September and October against the Unita stronghold of Mavinga proved disastrous. South African forces subsequently laid siege to the strategic Angolan town of Cuito Cuanavale.

Yet the military balance began to shift against Pretoria.

Cuba responded by reinforcing its contingents and began moving units south to the Namibian border, protected against South African Mirage aircraft by a combination of Soviet-supplied radar and their own pilots.

The loss of 12 white South Africans during a joint Angolan-Cuban action last June at Calueque dam provoked no retaliation from Pretoria. As Gillian Gunn points out in a recent study for the Center for Strategic and International Studies in Washington, the incident highlighted "the new balance of force in southern Angola."

"The Angolan-Cuban forces now had a significant edge in the air war and could give the South African Defence Forces a good run for its money on the ground. If South Africa had retaliated it would have lost more planes and men than President P.W. Botha was willing to accept," she wrote.

These changing realities helped to produce the first tangible benefits of the Crocker negotiations.

Last August, Angola and Cuba signed a ceasefire with Pretoria, which allowed a 600-strong South African force to withdraw from Angola. Both sides consolidated their positions on either side of the Namibian border. Knowledge of the increased stakes in the conflict allowed the ceasefire to hold as Dr Crocker moved on to the second phase finally realised in Geneva – the terms of the withdrawal of the Cubans from Angola and South African troops from Namibia.

As Moscow exerted its influence and the realities of war took their toll on the participants, Dr Crocker was able to draw on the third factor in favour of a settlement: the fact that the framework for Namibia's independence process had been set out in a 1978 UN resolution and accepted in principle by South Africa.

Resolution 435 provides for a seven month transition to independence elections, monitored by a 7,500-strong UN force. A constituent assembly, elected on the basis of proportional representation, will then draw up the country's constitution.

Two obstacles stood in the way. The insistence by Pretoria, with the backing of the Reagan administration, that implementation be linked to a Cuban withdrawal. And the reluctance of South Africa to drop what it saw as an alternative strategy – an "internal settlement" in which a coalition of politicians drawn from local white parties and disaffected former members of Swapo won domestic and international recognition.

At the heart of this strategy was Pretoria's unrealistic hope that the internal settlement could be based on a constitution that took into account ethnic differences – a code phrase for leaving power in the hands of the territory's 80,000 white community.

When a group of parties in the coalition last year put forward a constitution which envisaged majority rule, it was promptly vetoed by Pretoria. The internal settlement lost any vestiges of credibility and power, for now, is in the hands of the South African-appointed administrator general in the capital, Windhoek.

The collapse of the internal strategy was probably not decisive when President Botha assessed the pros and cons of surrendering the territory South Africa has held for 73 years. But taken with the military and economic issues, it underlined the bankruptcy of Pretoria's policy in Namibia.

For President Botha the prospect of President Nujoma running Namibia is galling. But he will draw consolation from the fact that Swapo's concessions carry some major benefits.

After the settlement, the ANC will be denied military training facilities in a buffer zone of African states neighbouring South Africa, running from the west coast of southern Africa to Mozambique in the east.

The prospect of tougher western sanctions may recede as Britain and the US will doubtless use the settlement to argue that negotiated change is shown to be possible. And should the settlement be followed up by the release of Mr Nelson Mandela, the detained ANC leader, Mr Botha will be better equipped to pursue his diplomatic forays into black Africa.

OBSERVER

Treasury tips for Moscow

■ Glasnost never stops. The British Treasury is now supplying details of its computer model of the UK economy to the Soviet Union.

The Government is obliged to do so under the same Act which forces it to publish forecasts twice a year, for the Act also access to the model on request. The London office of Tass, the Soviet news agency, has received details before and is now asking for a new version.

Vic Gregorian, commercial correspondent at Tass, said: "It is useful for our professors in economic forecasting. It is used for their lectures." He said it would be used only as an example and there was certainly no question of it being adapted to forecast the Soviet economy. Whether it was regarded as a good example of how to forecast was left unclear, although Boris Gostev, the Soviet Finance Minister, remarked recently that he found the British tax system of particular interest.

One of the people responsible for introducing the Act allowing general access was Nigel Lawson when he was an opposition MP. He does not much believe in forecasts, but the Act does ensure that outside users have to pay a fee.

Bad reading

■ The report to the Secretary of State for Education on the teaching of the English language to 5-11 year-olds includes a list of recommended authors. Fashionably, though in my view wrongly, Enid Blyton is excluded. Indeed one is slightly surprised that such a well-meaning committee has let in Richmal Crompton, who wrote the William books.

Among more adult authors, Jane Austen is omitted while Oscar Wilde and T. S. Eliot are in. Also excluded is Conan Doyle who invented Sherlock Holmes. Charles Dickens is there of course, yet why anyone should think that children would prefer him to Jane Austen or the Brontes is almost beyond belief.

Xenophobic

■ Michiyo Takeuchi, chairman of the Tokyo Stock Exchange for the past six years, announced his retirement yesterday with a parting shot at the foreigners who demanded, and eventually won, membership of his hallowed institution. Reporters asked him what experience of his career had left the greatest impression. He said his abiding memory of thejob would be being forced to deal with the foreign companies who lobbied for exchange seats. "It left a rather unpleasant feeling."

The sentiment is probably mutual. Takeuchi's insistence on limiting foreign membership had great support among the small firms on the exchange. But it won him few friends among overseas companies, which had to rely on officials at the Ministry of Finance to twist Takeuchi's arm.

Once a small number were admitted, Takeuchi emphasised there was no room for any more – the exchange buildings could not accommodate them. This has left at least two companies out in the cold – BZW, the securities subsidiary of Barclays Bank, and James Capel, controlled these days by Hongkong and Shanghai Bank. Their main hope is that Takeuchi's successor, Minoru Nagaoka, may regard the change-over as an opportunity to mend a few fences.

Nagaoka, 64, was president of Japan Tobacco until earlier this year and is a former civil servant at the Ministry of Finance where he reached the top rank of deputy minister. However, 67-year-old Takeuchi is unlikely to leave the finance markets altogether. He is tipped to succeed Setsuya Tabuchi, chairman of Nomura Securities, as chairman of a government advisory committee on capital markets. From that lofty perch, he can doubtless continue to survey the foreigners' antics.

"I see Jeffrey Archer isn't on the approved book list."

PM on parade

■ Margaret Thatcher's enthusiasm for observing Parliamentary protocol even on such routine occasions as the prorogation ceremony marking the formal end of a Parliamentary session shows no sign of diminishing. The Prime Minister was in her place on the Government front bench when the Commons assembled at 9.30 am yesterday in spite of being about to depart for Washington and a late night before at the Lord Mayor's banquet.

Even though the new session will open on Tuesday, Speaker Weatherill held to the custom of shaking hands with all the MPs in the Chamber – around 40 – and the Prime Minister was at the head of the queue. Neil Kinnock was absent.

On the shelf

■ A week before the first meeting of the Delors Committee in September, to discuss the economic and monetary integration of the European Community, a senior central banker said it would be interesting to see if Robin Leigh-Pemberton, the Governor of the Bank of England, was "his own man".

The Committee had already decided to take no chances, just in case. The decision not to keep minutes of the meetings of the group reflected, it is said, a fear that they would find their way into the hands of the UK Treasury a little too quickly.

The Governor's speech to the foreign exchange traders in Luxembourg last night dashed any hope that the Bank would adopt a different stance from Whitehall and Downing street. He even picked up some of the Prime Minister's favourite words, such as "practical".

The future of the Delors Committee and the European central bank must now be looking bleak. Karl Otto Pohl, President of the Bundesbank, told the Delors Committee earlier this month that a Eurobank was a distant aim. With the Governor's position now out in the open, the idea seems well and truly on the shelf.

Let us pray

■ A huge lunch of the American Stock Exchange, including a lot of Swiss bankers, was surprised the other day when Jesse Jackson rose to give the main speech and began: "Now let us all say a prayer for President-elect George Bush."

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David Owen describes the topsy-turvy course of Canada's general election campaign

Runners in three-horse race : John Turner, Brian Mulroney and Ed Broadbent

Unpredictable to the last

With US President-elect George Bush safely on his way to the White House, the spotlight is switching to North America's other November vote: the general election in Canada. With its spirited and imaginative speechifying, its critical and divisive central issue, and its unpredictable outcome, the Canadian election has all the ingredients the US campaign lacked.

Already, in an implicit jibe at the lacklustre proceedings south of the border, Canadian leader writers from Newfoundland to British Columbia have rather smugly declared democracy the winner in the current campaign.

The race so far:

● Prime Minister Brian Mulroney, buoyed by a series of favourable opinion polls indicating steadily growing support both for his Progressive Conservative party and for the US-Canada free trade agreement that forms the centrepiece of his policy platform, starts the 50-day election campaign on October 1.

Mr Mulroney has just completed the fourth year of a five-year mandate won in a landslide in September 1984. He has been railroaded into an early election by Mr John Turner, leader of the Liberal opposition. Mr Turner had asked the Liberal-dominated Senate to block passage of free trade-related legislation until after an election.

None the less, the Prime Minister has been careful to curry favour for his policies and his party prior to the campaign's formal opening. He is promising payouts for a range of items from energy projects of dubious viability to illiteracy programmes. He stresses the robust economic growth and prosperity that Canada has experienced during his four years of Tory rule and the importance to the country's heavily trade-dependent business sector of his still unratified free trade agreement.

● Meanwhile, Mr Turner and Mr Ed Broadbent, leader of the left-of-centre New Democratic Party (NDP), rail away ineffectually. They question the Prime Minister's integrity, and attack the trade deal, which would remove virtually all remaining tariffs on trade between Canada and the US over 10 years. It could turn Canada into an economically emasculated colony of the US, they say. "I will not allow Mr Mulroney to destroy a 120-year-old dream called Canada," Mr Turner repeatedly proclaims.

The 59-year-old Liberal leader is also hampered by insubordination in the ranks. His party at times appears as fragmented as the British Labour party at its most fissiparous. This insubordination comes to a head just before the vital television debates (held on consecutive evenings in English and French), following publication of a poll indicating that only 12 per cent of respondents believe that Mr Turner is the best candidate for Prime Minister.

● The realisation that the debates offer his last chance prompts Mr Turner to give the performance of his life. He assails the Prime Minister relentlessly in French and in English. He does not decisively win many of the arguments; but he keeps Mr Mulroney firmly on the defensive throughout – and frequently sidelines Mr Broadbent.

For the first time since he originally articulated his opposition to the deal a year earlier, Mr Turner's impassioned pleading does not fall on deaf ears. The claim – categorically rejected by the Tories – that the deal might endanger Canada's generous social and regional programmes leaves a deep impression. Perhaps more important, his cogent *attacks alleviate voters' uncertainty* about his competence to lead the country.

● Since then, a succession of polls has shown that the Liberals – the party of government for most of the post-war era – are back in the hunt. One survey has accorded them a 12-point lead, although most portray the Liberals and the Tories as jostling for first place. At the very least, a party which three weeks ago was facing up to the prospect of a third-place finish is again regarded as plausible government material. A slick advertising campaign is partly responsible for keeping momentum going. The most telling image to date has been that of a hand slowly erasing the Canada-US border. The message: that this is what lies in store for Canada should Mr Mulroney's trade deal go *into effect*.

Whether or not it yields victory, the Liberal resurgence has changed the timbre of the election contest. Worried Tories have abandoned all pretensions of keeping to the high road and are flinging mud in all directions. The long list of Liberal spending pledges and the opposition's claims that the trade deal will jeopardise social programmes are particular targets.

Mr John Crosbie, the international trade minister, has been trundled back from his remote base in Newfoundland to add his acerbic wit to the onslaught. Mr Lucien Bouchard, the Secretary of State, has charged in his Quebec homeland that opposition to free trade is a *plot by wealthy Ontario to retain its* power at the expense of the rest of Canada. Until two weeks ago, predominantly French-speaking Quebec was rated one of the most solid bastions of Conservative support in this election.

Mr Mulroney and his colleagues, supported by many Canadian business leaders, have been hinting that rejection of the trade deal would spell disaster for the Canadian economy. The most visible indication of this is a C$1.5m advertising campaign launched by the Canadian Alliance for Trade & Job Opportunities. The organisation purports to represent "the vast majority of Canadian exporters, importers, chambers of commerce, manufacturers and small business groups."

The current edginess in domestic financial markets has added substance to these *claims. On Monday November* 7, the Toronto Stock Exchange's TSE-300 index lost 2.25 per cent of its value in response to an opinion poll giving the Liberals a commanding lead. The Canadian dollar, meanwhile, has been oscillating nervously in response to each new snapshot of the three parties' fluctuating fortunes.

Most economists are circumspect about the trade deal's implications. *They say that rejection of the pact* would do Canada some harm, but that the worst fears are probably unjustified. "It would raise the probability of turning a slower economy in 1989 into a moderately recessionary economy," *says Mr Carl Beigie of McLean McCar*thy, a Canadian securities firm.

The NDP has trained its sights on Mr Turner, having concentrated on Mr Mulroney and his trade deal throughout the early stages of the campaign. Mr Broadbent is implying that Mr Turner, a lawyer in Toronto's Bay Street financial district, is a Conservative wolf in Liberal sheep's clothing. "I believe John Turner to be one of the most conservative men to enter public life in this country," Mr Broadbent said at a recent rally in Nova Scotia.

The outcome of the election is particularly hard to estimate in Ontario and *Quebec, which together account for* 174 of the 295 seats at stake. Quebec has shown the most pronounced post-debate swing to the Liberals of any province. As in 1984, it had looked set to vote Conservative on the strength of support for the free trade agreement, for Mr Mulroney himself (a local boy who speaks fluent French), and for his successful resolution of lingering constitutional disagreements between Quebec and the rest of Canada.

After the debates, Quebec swung back towards the Liberals. Mr Alain Cousineau, president of management consultancy Secor, attributes the sea-change to the emergence of free trade as the central issue in the province. There is "a lot of volatility" in Quebec's attitude towards the pact, he says. "To that extent, the credibility of the sources speaking out on the subject will be crucial."

Other commentators feel that the volatility of Quebec's voters is explained by their desire to back a winner. "If they sense a Liberal resurgence, they *don't want to be the only ones voting* Tory," says one.

Ontario has more seats which all three parties have realistic chances of winning than any other province. The Liberals appear to have gained significant ground in recent weeks. Mr David Peterson, the province's Liberal premier and an opponent of Mr Mulroney's trade deal, has been more enthusiastic in his support for Mr Turner since the television debates.

With less than a week of campaigning left – the election is on November 21 – Mr Mulroney's goal of ensuring the ratification of the free trade agreement is *looking precarious. If elected*, he would become the first Conservative Prime Minister in 106 years to secure a second consecutive parliamentary majority. If the election were held *today, a minority government of Con*servative or Liberal persuasion would be the probable outcome. The best chance for either to form a majority would occur if further significant erosion in NDP support occurs prior to polling day.

Student loans

Disentangling the myths of the white paper

By Nicholas Barr

It is important to disentangle the myths from the realities of last week's white paper on student loans:

Myth 1: Last week's publication is a white paper. It is not. It is a green paper: in key areas it simply sets out the options without choosing between them. A crucial unmade decision is what the repayment mechanism should be. Another is the role of the private sector. It is also far from clear how the parental contribution will be indexed.

Myth 2: The white paper reduces access because loans deter potential students (the Jack Straw argument). Loans raise not a two-way, but a three-way debate between grants, mortgage-type loans, and loans with income-related repayments. The Jack Straw argument is true of mortgage-type loans (Options A, B and C in the white paper), but not of loans with income-related repayments (Option D). International experts are unanimous that income-related repayments are the only correct approach to undergraduate loans. The choice of Option D is therefore critical.

Myth 3: The white paper increases access (the Kenneth Baker argument). The only way to improve access is to have more places in higher education. In the white paper scheme students borrow ulti*mately from public funds*. Thus the Treasury pays student fees, the maintenance grant and also the loan. There are no public expenditure savings until 2002 (Annex E), and thus no early possibility of the large-scale expansion to which Education Ministers seem genuinely devoted.

The scheme raises the living standards of students inside the system, but does little for outsiders who are unable to get in because the system cannot expand. This is an avoidable problem.

Myth 4: Loans are expensive in public expenditure terms. The initial deficit, though inevitable, need not be financed *from public sources. One pri*vate source is the banking system. Long-term unsecured student loans, however, are risky (hence the private sector has never offered them on any large scale). A Treasury guarantee is required, which is costly in public expenditure terms, as demonstrated by high default rates in the US. A Swedish royal commission on their (private sector) loan scheme concluded that it would have been cheaper to give the students the money.

A more promising possibility is a user charge for employing graduates (an increasingly scarce resource in the 1990s), through an additional employer National Insurance Contribution of 1p in the pound for anyone graduating after April 1989. The charge would not at first finance all net outgoings. But the yield in the first full year would be £12m to £14m, in the second year (with a second cohort of students) at least double that, and so on. If the charge were *made from April 1989* the net public sector cost of the scheme could be zero by 1994 (and with a 2p charge by 1992). The public savings could be used to expand the system.

Myth 5: Cuts in public spending are necessary because of the ageing population. The proportion of elderly people is rising, presaging high costs of pensions and health care. Thus, it is argued, we should cut public spending elsewhere, including education. Matters are more complex. What is needed is to cut consumption today, thereby freeing *resources for investment in* technology and in human capital, both of which will increase output in the future. There might be a case for cutting public and private consumption, but none whatever for cutting investment in either sector. The education system should be expanded precisely because of demographic change, to avoid what in the past has been called an "investment gap."

Myth 6: A well-constructed loan scheme needs an interest subsidy. The white paper charges no interest but indexes the principal. This implies a real rate of interest of zero. The long-term real interest *rate approximates the rate of* economic growth: that is about 3 per cent. Implicit in the white paper, therefore, is a long-run interest subsidy of 3 per cent, which is inefficient and wasteful of public expenditure because it is poorly targeted. Well-off undergraduates are given an incentive to borrow up to the maximum and put the money into privatisation flotations.

Myth 7: The white paper is distributionally neutral. Parental contributions will not be frozen unless the formula by which the contribution is calculated is fully indexed to changes in earnings. The biggest beneficiaries will be the best-off parents (who pay the highest contributions) and stu*dents with the largest unpaid* parental contributions (students with well-off parents). On both counts the measures are carefully targeted on Tory parents whose uprising scuppered Sir Keith Joseph's 1984 attempt to impose parental contributions on tuition fees.

The losers are students with the largest social security *receipts, who lose more benefit* than they gain from the loan facility. This is not an argument against organising student support so as to avoid the social security system. But the change is parsimonious.

* * *

The best features of the white paper are that income-related *repayments remain on the* agenda and the fact that loans will be indexed.

Its strategic weakness is access. Several solutions are on offer. My preferred one is two-pronged. First, the National Insurance system could be used to collect a small user charge from employers for all new graduates. The crucial virtue of this approach is to reduce the Treasury cost of the loan scheme to zero within three or four years of its introduction. The saved public *resources could and should be* devoted to enlarging the higher education sector. And, on the demand side, loan repayments must be income-related, so that students from disadvantaged backgrounds are not deterred. With that package (which is eminently possible within the framework of the white paper) Kenneth Baker and his higher education minister Robert Jackson really *would* increase access.

The author is senior lecturer in economics at the LSE.

LETTERS

Resources allocated to saving life and limb

From Professor David Metcalf.

Sir, The investigation by Desmond Fennell QC into the Kings Cross underground fire *raises* a number of issues concerning the allocation of resources to saving life and limb.

First, the distinction made in the Fennell Report between fire prevention and fire precaution is forced.

To save the most lives, you focus on the areas of highest risk. In the underground the risks are greatest in tunnel fires. London Underground recognises this, and has been successful in preventing such fires. Fatalities in tunnel fires are almost unknown.

Second, a sum approaching an extra £300m is now to be spent on safety measures. If this sum were invested instead, to yield a real rate of return of 5 per cent, £15m a year would be available. This would permit 1000 new safety wardens to be employed – an average of four per station.

Third, if this £300m investment averts a disaster of Kings Cross proportions once every three years, the *cost per life* saved is about £1.5m (£15m a year divided by ten lives per year saved).

This is treble the notional value of life used by the Department of Transport. Clearly, this implies either too many resources devoted to accident prevention on the underground, or insufficient attention to road safety.

It may well be that London Underground was, and is, managed complacently. Everyday *experience with lifts and escalators* suggests so. But bolting the wrong stable doors will lead to fewer – not more – lives being saved. Much more thought needs to be given, quickly, to this pressing issue.

David Metcalf,
London School of Economics and Political Science,
Houghton Street, WC2

Investing in Israel

From Mr Martin Lever.

Sir, The comment in your news item ("Israeli group wins foreign investment," November 10) that foreign investment in Israeli industries is a "rare event" is misleading and untrue.

In only 40 years, more than 150 overseas companies have invested in manufacturing in Israel. These investments have varied in size; within the last month a Canadian company has invested $22m in a leading Israeli pharmaceutical concern. Motorola, Intel and *National Semi-Conductors* are among many who have found business ventures in Israel both profitable and a rewarding experience – and reached the highest *levels* of international quality production.

If there is a rarity, it is the relatively poor investment record by UK companies in Israel. The question must be asked: why do UK companies not see the same advantage as North American companies? In failing to seize the opportunities which so obviously exist in Israel, UK industry lays itself open to justifiable accusations of, at best, commercial short-sightedness, at worst, commercial strategies influenced by more sinister constraints.

Martin Lever,
British Israel Task Force,
14-15 Rodmarton Street, W1

Too much energy is wasted

From Mr Philip Blowfield.

Sir, In donning his green mantle Mr Nicholas Ridley, the Environment Secretary, suggests that we might avoid a planetary greenhouse by risk*ing a nuclear wasteland*.

Combined Heat and Power (CHP) electricity generation is a more temperate alternative because it makes use of the 70 per cent of the fossil fuel burn which presently is wasted.

Putting to use this enormous wasted energy resource would more than satisfy forecast growth in final energy demand. *There is really* no need to increase the fossil fuel burn, and therefore no "environmental" need to consider nuclear power for many years to come.

Mr Ridley should have more faith in the market mechanism. A free energy market will adopt CHP and direct fuel resources to their premium applications.

It is monopoly distortion of the market which leads him to the conclusions that state intervention and nuclear power can save us.

Remove monopoly abuses and inflexibilities, and there will be no need for nuclear power, nor further intervention, nor increasing pollution.

Philip Blowfield,
Durotan,
20 West Street,
Buckingham, Buckinghamshire

Starship Enterprise may be a little delayed

From Mr John Wells.

Sir, Professor David Simpson (Letters, November 10) asks why it is that "services are less easily traded than manufactures". Let me try to answer him.

The proposition is a generalisation referring to the average position for all services relative to that for all manufactures; it cannot be applied to each and every pairwise comparison (Professor Simpson compares an insurance contract with a motor car).

But as a general proposition there seems little doubt – the empirical evidence for the UK confirms it – that, on average, services are indeed less easily traded than manufactures.

There are three reasons for this:

● *Transport costs* are positive;

● People require to be transported more comfortably than goods, so their transportation costs more;

● International travel for the individual is time consuming and therefore costly.

The upshot of this is that, for many service activities, "tradeability" would involve a very high margin of transport costs relative to the value of the service provided.

I daresay that Professor Simpson probably finds it pretty expensive to travel from Edinburgh to Paris to have his hair cut – or, for that matter, to have his Parisian barber come to shave him at home. Such considerations certainly apply to many low unit value services, including, for example, retailing (though a small minority of people cross the Channel to do their shopping).

When it comes to higher value services and richer consumers, the barrier represented by the higher cost of human transportation is less prohibitive. Part of the UK private health sector, for example, is dedicated to satisfying overseas clients.

And as transport costs fall, the "tradeability" of certain services increases sharply: the "British holiday," for example, is increasingly taken on the Mediterranean. (For most people, though, transport costs are still a considerable barrier against more exotic, long-distance tourism.)

On the other hand, the transport cost margin for manufactures is considerably lower, relative to the unit value of the product concerned: comfort does not matter for most goods; travel time costs less. There are now very few manufactured items for which transport costs represent a barrier to successful competition in international markets. Even very heavy items such as construction materials can be traded profitably.

In 1986, for UK manufacturing as a whole, the ratio of exports to the total value of commodity output was 28.5 per cent – up from 24.0 per cent in 1979. In 1986, for all services except owner-occupation services, this figure was just 9.8 per cent – down from 10.6 per cent in 1979.

So the available UK evidence is that, in practice, services are less traded than manufactures. Quite a number of services (banking, insurance, telecommunications, tourism) can be easily traded – but services in their totality, less so. This is likely to remain the case until, like the crew of the Starship Enterprise, we all have our own teleporters. Then Professor Simpson will be able to command: "Beam me over to Paris – it's time I had my hair cut."

John Wells,
Faculty of Economics and Politics,
University of Cambridge.

FINANCIAL TIMES
Wednesday November 16 1988

Japan minister seeks reduced role for dollar

By Philip Norman, Economics Correspondent, in London

A CALL to reduce the international role of the dollar as a way of bringing greater stability to the world's monetary system was made yesterday by Mr Toyoo Gyohten, Vice Minister at the Japanese Ministry of Finance.

At the London School of Economics, Mr Gyohten said the dollar's role in financing world trade should be shared with the yen and the major European currencies.

The continued excessive use of the dollar in world transactions caused instability in the world monetary system because the dollar as a national currency had lost importance relative to other currencies over the past 40 years.

As its contribution to a more stable monetary order, Japan was making the yen "more attractive, usable and investible" by making its financial and capital markets "open, liquid, deep and wide."

Answering questions after delivering a lecture on Japan's role in the world economy, Mr Gyohten said that such an evolution of a multi-currency system was compatible with the efforts of the Group of Seven leading industrial countries to coordinate economic and monetary policies. A multi-currency world created a greater need to maintain stable exchange rate relationships.

Mr Gyohten, who is responsible for international affairs at the Japanese finance ministry, attended a meeting of the Economic Policy Committee of the Organisation for Economic Co-operation and Development in Paris on Monday. He is also one of the G7 deputies – the senior officials who mastermind economic policy cooperation among the seven major countries. He denied that any meeting of G7 deputies took place in Paris this week to discuss the dollar.

Japan was playing its part in maintaining world growth by keeping up the momentum of its domestic economy and providing greater financial resources to the Third World.

Money worries Tokyo politicians

Current scandals may become part of tradition, Ian Rodger reports

SOMEBODY once said that you can tell a lot about a people by examining the character of their political scandals. British ones tend to involve illicit sex, US ones ethics. Japanese ones, including the current Recruit scandal, are almost invariably about money.

In his recent book, Inside Japan, Mr Peter Tasker, a Tokyo stock market analyst, noted that nine of the country's 17 post-war prime ministers have been subject to official investigation for alleged corruption at some stage in their careers. The current Recruit scandal, arising from revelations that dozens of leading politicians benefited handsomely from a stock market flotation two years ago, may become part of a long tradition.

There is no mystery about why money predominates in Japan's political life. Even the average politician has to spend a lot more than he receives in salary and allowances, and thus has to devote a lot of energy to finding ways to raise large quantities of it.

Mr Kazuo Aichi, a rising star in the ruling Liberal Democratic Party, has recently published details of his income and spending to demonstrate the problem. Mr Aichi's after-tax salary and expense allowances as a Diet member amount to Y11.1m ($90,200). In addition, he is entitled to free travel on national railways on official business. He is also given a tiny office in the Diet and the government pays the salaries of two assistants.

By most Western standards, *that is a very generous package.*

But in Japan, it is a drop in the ocean. Mr Aichi's basic expenses amount to nearly 10 times the level of his income. That covers the costs of a second office in Tokyo, another in his constituency, the salaries of 19 of his 21 assistants and other office expenses, such as telephone and postage.

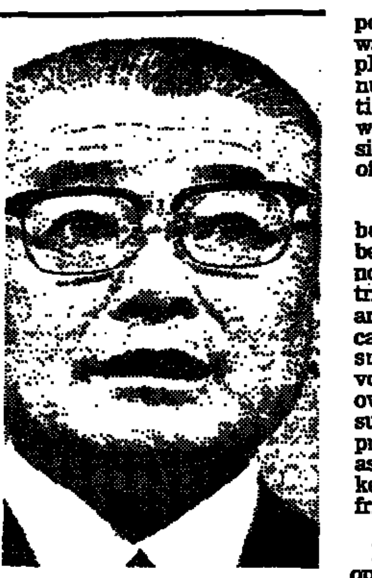
On top of that, Mr Aichi says euphemistically: "There are the usual expenses incurred in the operation of political activities".

In Japan, where the typical politician spends endless time and money helping constituents, elected representatives tend to be judged as much for their fund-raising ability as anything else.

Mr Noboru Takeshita, the Prime Minister, right, is famous for his money-pulling power – last year he raised Y1.1bn ($8.9m) for his faction at a single party.

However, even in Japan there are limits to what the public will allow.

After the Lockheed scandal in the early 1970s a Political Fund Control Law was passed, putting a limit on the amount *of money a politician could* receive from any one source.



One of the main reasons for the high level of expenditure is Japan's peculiar representation structure, based on large, multiple-seat constituencies. This means that the typical politician has to fight for a seat not only against rivals from other parties, for which he can lay claim to party funds and appeal to voters on ideological grounds, but also against other members of his own party.

For those battles, his only tactics are those that help him build up and maintain the loyalty of his constituents, and *most of them require lots of* money, which he has to raise on his own.

Thus, to a much greater extent than in the West, the typical Japanese politician spends endless time and money on helping constituents out of problems, finding jobs for their children, attending weddings, funerals, business-opening parties and providing lavish gifts, often of cold cash, on these and other occasions, including election day itself.

Because constituencies are large, it is impossible for a politician to establish personal relations as widely as necessary, so he has to pay others to do it for him, what Mr Aichi refers to as "the aiding and supporting of prefectural, town and village-level elected officials".

Thus, it is not surprising that politicians in Japan tend to be judged as much for their fund-raising ability as for anything else. Mr Noboru Takeshita, the Prime Minister, is famous for his money-pulling power. Last year, he raised Y1.1bn for his faction at a single party.

However, even in Japan there are limits to what the public will allow. Following the Lockheed scandal in the early 1970s, a Political Fund Control Law was passed, putting a limit on the amount of money a politician could receive from any one source.

Mr Aichi claims this has simply made things worse, forcing politicians to develop other ways to raise funds. For example, most have developed a number of research organisations and advisory bodies which, under the law, are considered independent recipients of cash.

The stock market has become a favoured source because money won there is not considered a political contribution. Every so often, there are stories in Tokyo of "political stocks", shares that rise substantially on significant volume for no apparent reason over a period of weeks, then suddenly sink back to former price and inactivity levels. The assumption is that certain brokers have tipped off political friends when to buy and sell.

New issues also provide opportunities for politicians to raise money. Until recently, new issues in the Japanese market were almost guaranteed at least to double in value. Hence, politicians were always willing and eager to be included among the lucky few offered shares before the flotation.

The problem with these actions is that they make the politician indebted to the donor, whether a stockbroker or a businessman. The investigation of the Recruit Cosmos distributions, for example, is aimed mainly at finding out whether this indebtedness spilled over into the realm of bribery.

Mr Aichi argues that the only way to unravel the current situation is to change the constituency system, replacing the large, multiple-member consituencies with small, single-member ones as in Western democracies. However, such a system would benefit the opposition parties, so the LDP, which has held power without interruption for more than 30 years, is in no hurry to contemplate it.

Greek bank scandal widens to enmesh politicians

By Andriana Ierodiaconou in Athens

A GROWING political scandal in Greece over Mr George Koskotas, a fugitive banker, has *taken a new turn with the* appearance of the first clear rift over the affair in the ranks of Greece's ruling Socialist Party (Pasok).

Mr Apostolos Lazaris, a founding member of Pasok and one of its most respected parliamentary deputies, yesterday resigned his positions in parliament and the party. As one of the architects of the economic programme, on the basis of which the Socialists were voted to power in Greece in 1981, Mr Lazaris served as Economy Minister in the first period of Socialist rule.

The official reasons for Mr Lazaris's departure were not immediately disclosed. However, shortly before his resignation he openly attacked Dr Andreas Papandreou, the Prime Minister, for comments he made in a recent television interview.

The Prime Minister had harshly criticised as "apostates" those members of Pasok who had demanded a purge of government officials associated with the Koskotas scandal. In return for such a purge, the suggestion is that the Pasok members, including Mr Lazaris himself, would have accepted posts in the Greek Cabinet later this week.

In the same interview, Dr. Papandreou reiterated the theory that the Koskotas affair constituted a fabricated conspiracy directed against the Pasok government and democratic institutions in Greece. In the view of Mr Lazaris, however: "The true conspirators are not those who speak their mind openly but those who concoct imaginary scenarios *involving supposed apostasies.*"

Mr Lazaris's departure is seen as reflecting wider discontent among the Socialist ranks over the Prime Minister's handling so far of the Koskotas scandal.

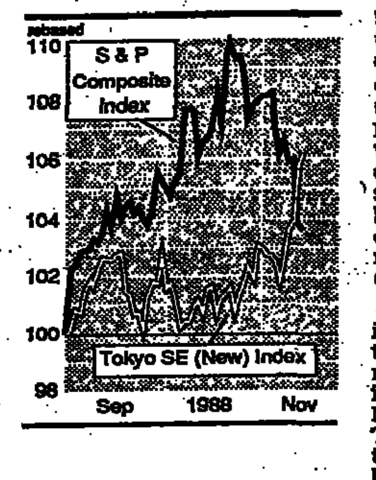
Mr Koskotas, who was charged last month with embezzlement and foreign currency fraud, rose from power to obscurity in the last six years as the head of a banking and publishing empire. During his rise he formed extensive political contacts.

Mr Koskotas disappeared two weeks after being charged. Although he has not yet surfaced anywhere, it is generally assumed that he fled Greece for another country by private yacht.

THE LEX COLUMN

Tokyo takes the high road

There is something very typical about the fact that amid the disarray of Mr Bush's victory, the biggest stock market of them all has been heading in the opposite direction. Ever since the October crash, there has been a growing conviction in Tokyo that the Japanese market can march to its own drum. In the past week, Wall Street has fallen by some 2.5 per cent, and the Nikkei index has risen by the same amount to yet another all-time high. There is some logic in the divergence, in that the Yen has risen sharply against the dollar; but sterling has risen against the dollar as well, and UK equities are down. In the main, Tokyo seems simply to have concluded that it would rather have Mr Bush than a protectionist Democrat, and returned to its domestic concerns.



Those concerns look a lot healthier now than they did six weeks ago. The key seems to be the continued weakness in the oil price, which has dispelled worries on inflation and interest rates. From a peak of 5.5 per cent in early August, bond yields are now down to 4.6 per cent. Besides that, the NTT issue is out of the way, with the price 10 per cent up from its low: the Emperor's illness has moved into the background with the passage of time: and there is a comforting feeling that the Recruit Cosmos scandal need not be so verydamaging after all, since everyone is in it together.

And as always in Tokyo, the supply/demand balance matters, because the market thinks it does. NTT included, the market had £50bn of new issues to digest between June and October. All that is now over, and the renewed strength of the Yen is a simultaneous reminder to Japanese fund managers of the risks of investing abroad. It all sounds too cosy to be true; but if recent events have shown anything, it is that the fate of the Tokyo market is now more in the hands of domestic investors than it ever was in the past.

British Airways

Since British Airways' second quarter is traditionally its best, virtually unchanged pretax profits of £141m do not look very inspiring, particularly given a 13 per cent rise in revenues and a static fuel bill. However, BA is still in the throes of integrating British Caledonian and remains confident that savings of around £100m per annum will start showing through next year. *Indeed, its October traffic* returns indicate that it is having some success in improving BCal's abysmally low load factors and that passenger yields are recovering.

Assuming that the benefits of the BCal acquisition and heavy start-up costs for its computer reservation systems and other marketing initiatives soon begin to bear fruit, BA should be able to earn £250m this year and £280m next. However, the longer term outlook is less encouraging. BA has embarked on a massive fleet expansion at a rather late stage in the economic cycle; and while it has considerable financial flexibility to withstand any recession, a prospective multiple of 7 times is not particularly low except for those who can convince themselves that this is not a highly cyclical stock.

West Germany

The West German stock market may not have been able to match Paris in terms of performance this year, but a more than 20 per cent rise still looks impressive when compared with the lacklustre performance of Wall Street and London. The resilience of the West German economy has surprised everybody; an expected 1988 economic growth rate of 3¼ per cent is roughly twice as fast as last year, and the promise of better than expected earnings has been a major factor *behind the re-rating of* West German shares.

Over the last few days a clutch of results from corporate Germany has shown that these expectations are starting to be realised, with Hoechst posting a 40 per cent rise in third quarter profits, and other household names like Siemens and Volkswagen reporting increases which are respectable in the context of a local inflation rate running at no more than 1 per cent. Admittedly, local accounting rules enable companies to smooth out the peaks and troughs in their profits, but the general picture is encouraging. Volkswagen and Continental are clearly benefiting from the strength of the world automobile industry, and Hoechst is continuing to enjoy strong margins, despite the strength of its home currency.

However, the improvement in corporate earnings must be tempered by Siemens' decision not to restore last year's cut in its dividend and the talk of Nixdorf cutting its payout. This may just reflect traditional West German caution, but it is unlikely to persuade foreign investors that the market is a roaring buy.

Unigate

On the principle that cows do for Unigate what tobacco does for RJR Nabisco, it is scarcely surprising to find the market wondering whether the Unigate management has thought about devoting its cash flow to a buy-out. Unigate has been a half-hearted bid stock for long enough to ensure that the management will have looked at such an obvious option.

For the moment, though, investors would probably do *better to focus on market* forces in the UK chicken industry. It is not only Unigate's competitors who question whether the depths of a poultry downturn is the best time to be opening Europe's largest chicken factory. Unigate argues, quite reasonably, that the new integrated facility will give it the edge once the market has survived the slump. Investors had better hope it does just that: despite yesterday's 9 per cent rise in interim profits, the full year result is unlikely to match the 1987 figure. Unless poultry takes a turn for the better by the middle of next year, profits could remain in the doldrums along with the chickens for another year to come.

Eventually, though, poultry will come into its own again.

Not so milk. From this morning, the UK is an open market for milk imports; but even if the economics of long distance transport mean that imports pose little threat to the likes of Unigate, milk volumes will continue to decline. And if the UK market eventually becomes more competitive, as seems likely, the predictability of cash flow from this source could well decline – and along with it, the rationale for takeover by friend or foe alike.

Brady to stay on at Treasury

By Peter Riddell in Washington

MR NICHOLAS BRADY is to stay on as US Treasury Secretary in the Bush administration in a move intended to reassure financial markets by underlining continuity of economic policy.

Announcing the widely forecast appointment on his return to Washington yesterday, President-elect Bush praised Mr Brady's knowledge of financial markets at home and abroad and said: "I'm proud to have him as the senior member of my economic team."

Mr Brady, a close friend of Mr Bush, has been Treasury Secretary since August when he took over from Mr James Baker on Mr Baker's appointment as chairman of the Bush campaign.

Mr Baker, named as Secretary of State last week, is likely to retain a close interest in Treasury matters since he has already signalled that he sees international economic issues as forming an integral part of his foreign policy approach.

Further senior appointments to the economic team are likely within the next few days.

Europe, Japan break ranks on trade talks

By William Dullforce in Geneva

THE EUROPEAN Community, Japan and 10 other countries have broken ranks in the Uruguay round of trade talks and are trying to draft an agreement on tropical products independently of the US.

The EC has declared specific products with an annual import value of some Ecu20bn ($17bn) on which it is prepared to abolish or cut tariffs and remove other import restrictions.

Included in the EC list are coffee, tea, cocoa, spices, tropical fruits, tropical woods and rubber. Japan, too, has specified a wide range of products to which it is willing to open its market.

The breakaway group decided the inflexible attitude of the US on tropical products threatened to wreck the trade ministers' mid-term review of the talks at Montreal early next month.

Developing countries account for some 80 per cent of the $60bn annual world exports of tropical products and ministers agreed, when launching the Uruguay round of talks in 1986, that priority should be given to the fullest liberalisation of this trade.

In the past few weeks, however, Third World delegations have become increasingly vociferous in warning the industrial powers they cannot expect co-operation in obtaining agreements at Montreal on agricultural trade, services and intellectual property, as long as there are no concrete results on matters of special interest to them.

So far the US has linked concessions on tropical products to progress being made in the reform of agricultural trade.

US negotiators have also been hampered by an inflexible mandate which allows them to make concessions on given products only if other countries offer matching concessions on the same products.

For the past two days negotiators from the EC, Japan and 10 other countries have been meeting separately in an attempt to break the impasse. The developing countries taking part are Brazil, Colombia, Malaysia and Thailand. The others are Australia, Canada, Finland, Norway, Sweden and Switzerland.

The group has pencilled in a list of the tariffs cuts and other concessions that each is ready to make and has been trying to strike a rough balance.

OECD sees continued expansion

By Ian Davidson in Paris

SENIOR economic policy officials of the Western industrialised countries expect the current phase of economic expansion to continue, employment opportunities to increase, and inflation to remain low.

These were three of the main conclusions of two days of discussions in the Economic Policy Committee of the Organisation for Economic Co-operation and Development (OECD), according to the summing-up by its chairman, Dr Beryl Sprinkel

The risk of inflation accelerating seemed small, he said yesterday. Nevertheless, "most delegates thought that in order to deal with inflationary tensions and encourage a sustainable flow of investment, fiscal tightening – particularly expenditure restraints – over the medium term ought to be an indispensable element of government action."

It was "quite certain" that US President-elect George Bush would not seek to deal with the US budget deficit by raising taxes. "We believe that the solution is not to have a larger government and a weaker private sector, but to contain government spending."

Securities firms

Continued from Page 1

generated substantial income.

Nomura sufferd an 18 per cent fall in pre-tax profits to Y405bn, on an 11.6 per cent decline in revenues to Y846bn. Daiwa's pre-tax profits fell 22.9 per cent to Y225bn, on a 12.5 per cent decline in revenues to Y527bn. Nikko's pre-tax profits dropped 37.8 per cent to Y149bn, compared with a 32.5 per cent decline in Yamaichi's profits to Y143bn. Nikko's revenues were 15.7 per cent down at Y455bn and Yamaichi's 14.8 per cent lower at Y431bn.

Yamaichi is cutting its dividend from Y13 to Y12. Nomura is increasing its payout by Y1 to Y13.5.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	20	68	Dubrovnik	S	12	54	Malta	F	19	66	Rhodes	R	15	59
Algiers	C	18	64	Edinburgh	S	10	50	Manchester	S	08	46	Rio de J'o	C	29	84
Amsterdam	C	11	52	Faro	S	21	70	Manila	F	33	91	Rome	R	14	57
Athens	C	13	55	Florence	S	14	57	Melbourne	-	–	–	Salzburg	R	07	45
Bahrain	C	22	72	Frankfurt	C	09	48	Mexico City	F	25	77	San Francisco	R	14	57
Bangkok	F	32	90	Funchal	S	21	70	Miami	F	26	79	Seoul	C	12	54
Barcelona	S	17	63	Geneva	F	10	50	Milan	C	06	43	Singapore	R	27	81
Beirut	F	18	64	Gibraltar	S	19	66	Montreal	F	01	34	Stockholm	S	03	37
Belfast	S	08	46	Glasgow	C	10	50	Moscow	C	-3	27	Strasbourg	C	09	48
Belgrade	C	06	43	Guernsey	S	10	50	Munich	R	06	43	Sydney	R	21	70
Berlin	C	08	46	Helsinki	C	02	36	Nairobi	C	24	75	Taipei	R	24	75
Biarritz	C	11	52	H Kong	C	21	70	Naples	S	18	64	Tangier	S	22	72
Bombay	S	31	88	Innsbruck	R	05	41	Nassau	F	30	86	Tel Aviv	F	07	45
Bordeaux	S	12	54	Inverness	S	09	48	New Delhi	F	29	84	Tenerife	S	23	73
Brussels	F	09	48	Islamabad	F	27	81	New York	C	17	63	Tokyo	F	16	61
Budapest	S	07	45	Istanbul	C	07	45	Nice	S	19	66	Toronto	C	12	54
B Aires	F	23	73	Jakarta	R	32	90	Nicosia	F	18	64	Tunis	C	21	70
Cairo	S	21	70	Jersey	S	10	50	Oporto	S	19	66	Valencia	S	19	66
Cape Town	-	–	–	Jo'burg	F	27	81	Oslo	C	-1	30	Venice	C	07	45
Caracas	R	27	81	Lima	C	21	70	Paris	C	11	52	Vienna	F	06	43
Casablanca	S	21	70	Lisbon	C	19	66	Peking	S	08	46	Warsaw	C	05	41
Chicago	F	10	50	London	F	11	52	Prague	F	05	41	Washington	C	05	41
Cologne	C	10	50	Los Angeles	F	19	66	Reykjavik	F	04	39	Zurich	C	06	43
Copenhagen	F	06	43	Luxembourg	C	09	48								
Corfu	S	15	59	Madrid	S	15	59								
Dallas	C	23	73	Majorca	S	20	68								
Dublin	F	13	55	Malaga	S	20	68								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Gorbachev steps up pressure in West

Continued from Page 1

done," he said in a speech seeking to reassure the party faithful that reforms remain solidly socialist. "We intend to continue acting in close co-operation with socialist countries, and with all peoples and *governments.*"

His meeting in Cuba with Mr Fidel Castro – the first by a Soviet leader since Mr Leonid Brezhnev went to Havana in 1974 – will attempt to provide some of that reassurance, to thank Cuba for co-operating in the peace settlement in Angola, and to make it clear that the Soviet Union cannot continue indefinitely subsidising socialist states.

However, his trip to Britain *will spell out the scale of* his international ambitions. He clearly finds Mrs Thatcher an invaluable sounding-board for conservative attitudes in the Western alliance, providing an insight both into potential US positions and the different perceptions of Western Europe.

His most immediate bone of contention with Mrs Thatcher, if it is not resolved beforehand, will be her strong opposition to holding a human rights conference in Moscow *as part of the Helsinki process.* Obvious frustration at the British attitude last week stung Mr Gennady Gerasimov, the Soviet spokesman, into a sudden attack on the British human rights record in Northern Ireland

INSIDE

SEC offers blueprint for global system

David Ruder, chairman of the US Securities and Exchange Commission (left), unveiled a series of proposals setting out the nuts and bolts of the first truly global market system. The move, which comes 13 months after the market crash which raised serious questions about the linking of international equity and debt securities markets, reflects the SEC's express belief that it should assume a leadership role in international securities regulation. Page 34

Chaos rules the day on Hong Kong stock exchange

Chaos reigned on the Hong Kong Stock Exchange as confusion over the restructuring of HK-TVB led to a mid-morning suspension of trading in its shares on the grounds of a false market having been created. Some investors suffered substantial losses in an affair which is an embarrassment to the Hong Kong investing and broking community. Page 31

Phillips pays the price for a brighter future

Phillips Petroleum is bouncing back from the severe difficulties of two years ago, when it was hit by the combined effect of falling oil prices and an $8.6bn debt, taken on to fight off two Wall Street takeover raids. But the men who run world's eighth-largest oil producer are not shouting about the company's turnround. Phillips has had to pay a heavy price. Page 30

Portuguese reforms rouse market from deep sleep

The Portuguese stock market appears to be waking up from a long sleep as the Government plans to deregulate the country's two bourses early next year. For the first time this year, clusters of small investors are gathering to watch the Lisbon bourse computer screens. The individual investor is still feeling badly bruised by last year's crash, however, and still tends to play it safe. Page 45

Unigate up 9% to £44m

Unigate, UK food, dairy and distribution group, announced a 9 per cent rise in pre-tax profits to £43.8m ($78.8m) for the six months to October 1. John Clement, chairman, warned he did not see the same level of progress in the second half. Page 36

Congress struggles with spectre of margin debate

Margin reform in the US futures industry is an issue that has refused to die, although valiant efforts have been made to placate those baying for changes. The debate threatens to return stronger than ever as next year's Congress faces a struggle over the re-authorisation of both the securities and futures industry regulators. Page 34

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				Gal. Lafayette	1325	+	70
Rises				Matra	214	+	9
Thyssen	177	+	4.5	**Falls**			
Conti Gummi	264.5	+	5.7	Valeo	615	−	19
Falls				St. Gobain	544	−	11
Nixdorf	390.5	−	14.5	**TOKYO (Yen)**			
NEW YORK ($)				**Rises**			
Rises				Yuken Kogyo	1250	+	200
Int Flav & Fr	46⅛	+	1½	Yomeishu Seizo	2120	+	290
Penney (JC)	53	+	1	Tokyo Denki	1540	+	200
Prime Comp.	17⅝	+	1⅞	**Falls**			
Vesco	22⅞	+	1⅛	Yamaguchi Bk	1100	−	70
W. Point-Pepp	43	+	1¼	[illegible]	745	−	45
Falls				Kyo Bank	1030	−	60
Microsoft	46½	−	2				
PARIS (FFr)							
Rises							
Essilor	3305	+	205				

New York prices at 12.30.

LONDON (Pence)				Plessey	175½	+	8½
Rises				Refuge	450	+	10
AAH	275	+	6	Scott Robertson	237	+	7
Armstrong Eqs.	165	+	26	Stenhouse	176	+	6
Bridon	177	+	6	Trafalgar House	314	+	6½
Cookson	288	+	6	T'house Forte	267	+	6
Corah	65	+	4	Ultramar	232	+	5
Dowty	231	+	6	Warringtons	106	+	8
GRE	177½	+	6½	**Falls**			
H'sons & Cros.	889	+	26	Alphameric	183	−	55½
Hickson Intl.	222	+	10	Kl'wort Benson	329	−	8
Land Leisure	361	+	10	Mountleigh	178	−	8½
Lee (Arthur)	152	+	11				
Lon. Intl.	215½	+	6½				
Matthews (B.)	87	+	4				

Prime Computer receives $965m bid from MAI

By Roderick Oram in New York

PRIME COMPUTER, the second largest US maker of computer-aided design equipment after IBM, has received a $965m takeover offer from MAI Basic Four, a California company only one-quarter its size.

The bid, mounted by MAI's chairman and controlling shareholder Mr Bennett LeBow, a New York investor, drew a sceptical response on Wall Street. The offer of $20 a share was broadly in line with estimates of Prime's worth but its stock rose only $2 to $17⅞ while MAI's fell $⅞ to $11½.

Analysts expressed concern about the proposed takeover's industrial logic, financial strain and management challenge to MAI.

Such controversy is not new to Mr LeBow. He took over Western Union, the telecommunications service company, and forced through a complex restructuring plan to free it from bankruptcy protection.

He also controls Liggett Group, the cigarette maker, and is seeking regulatory authority to buy more than 50 per cent of American Brands, another tobacco group.

He and his partner Mr William Weksel own 43 per cent of MAI while LeBow family trusts hold an additional 17 per cent. They had bought MAI, a maker of mid-sized business computers, in 1985 for $105m. They sold a minority of the stock to the public later that year.

They tried last year to sell the rest of their stake but in a later change of strategy decided it was more desirable to try to expand MAI through acquisitions. In the nine months ended June 30 it reported net profits of $18.7m, or $1.25 a share, on sales of $302.9m.

Explaining the rationale for the bid, Mr LeBow wrote to Mr Joe Henson, Prime's chairman, saying that the combined companies would be among the world's largest suppliers of CAD-CAM (computer-aided design – computer-aided manufacturing) equipment and be one of the six largest suppliers of mid-sized business computers.

Equipment sales would be roughly equal between the two segments but problems will include combining their two ranges of mid-sized computers, a market segment that is particularly weak. Moreover MAI lacks Prime's experience in CAD-CAM.

Prime is worth the $20 a share offer price as a going concern, said Mr Barry Bosak, an analyst with Robert Fleming in New York. "But what's the strategic vision and how will they pull it off financially," he asked.

Prime said it would review the offer. In the nine months ended September it reported net profits of $33.4m, or 69 cents a share, on sales of $1.16bn, against $43.5m or 88 cents on $693m a year earlier.

It has suffered this year from weak demand for mid-sized computers and an abortive brief foray into minisupercomputers. It is credited with making good progress towards absorbing Computervision, a CAD maker it bought early this year for $435m. It has also signed a "strategic alliance" with General Electric of the US on CAD. Prime absorbed GE's Calma division and is working with GE on software development.

Siemens dividend held despite higher profits

By Haig Simonian in Frankfurt

SIEMENS, the West German electrical and electronics group, has decided not to raise its dividend, which was cut to DM11 ($6.30) a share last year, in spite of a marked increase in sales and profitability.

Siemens shocked financial markets this time last year with a decision to reduce its dividend by DM1 a share following a 12 per cent slide in earnings.

Mr Maximilian Mudra, an analyst at Bankhaus Metzler in Frankfurt, said: "It's what we expected. Our forecasts were for dividend continuity, not for a rise." Nevertheless, Siemens shares fell DM3 to DM470 in Frankfurt yesterday, going against the trend of a generally firmer market.

As expected, profits at Siemens for the 1987-88 business year, which ended on September 30, have recovered to almost their previous level. According to preliminary figures, after-tax earnings rose to just under DM1.4bn from DM1.28bn last year.

Sales surged 16 per cent to DM59.4bn, partly as a result of the inclusion of two major nuclear power plant orders, against only one such order last year. Adjusted to exclude such contracts, group sales climbed by some 7 per cent.

After a difficult start to the year on account of the strong D-Mark, Siemens's foreign sales recovered and rose by some 8 per cent for 1988 as a whole. Domestic turnover climbed by 25 per cent to almost DM31bn thanks to the inclusion of the second power station deal.

Order levels in the 1987-88 business year rose by 9 per cent to almost DM55bn. Reflecting the continuation in world economic growth and stability on the currency front, orders from abroad notched up a healthy 15 per cent rise to DM30.5bn. By contrast, domestic orders increased by only 2 per cent to DM24.4bn.

Siemens remains concerned about relatively high domestic production costs, mirrored in its payroll figures. Staff numbers in Germany fell by 6,000 in 1987-88 while numbers employed abroad remained static.

BA interim profits retreat to £222m

By Michael Donne, Aerospace Correspondent, in London

BRITISH AIRWAYS yesterday reported interim pre-tax profits of £222m ($400m), down from £232m in the same period of 1987, partly due to difficulties early in the period in digesting the British Caledonian Airways takeover.

The pre-tax profit for the second quarter (July-September) of £141m compared with £81m in the April-June period (against £142m and £90m respectively a year earlier).

This was in line with market expectations and reflected some improvement in the BCal position, together with the fact that the second quarter is always the busiest period of the airline's year.

Lord King, chairman, announcing the results, said that present traffic levels were high, with forward bookings up on this time last year, so that although the vulnerable winter months lay ahead, BA was "on course for a satisfactory outturn for the current year." Group pre-tax profit for 1987-88 was £228m.

But Lord King added that while the first-half results covered satisfactory returns from most market segments, the results for Europe were disappointing, due partly to poor performance of the ex-British Caledonian services.

Most of those routes had now been transferred to other UK airlines, under an agreement with the Monopolies and Mergers Commission which permitted the takeover of BCal.

There had been "difficulties" in merging the BCal operations with those of BA, and bringing them up to BA's standards of customer service.

Although precise figures were not disclosed, Lord King said those BCal short-haul European routes from Gatwick still retained by BA remained in the red, although the long-haul routes, such as those to the Southern US, were in the black.

BA, however, remains confident that the longer-term benefits expected from the BCal merger, amounting to profits of some £100m a year, will begin to be seen in the next financial year.

Lord King said that BA group turnover for the six months to September 30 was up 13 per cent from £1.96bn to £2.21bn, and the operating surplus was up 11 per cent from £232m to £258m. After tax, the profit for the six months was £144m against £151m a year earlier.

Earnings per share amounted to 20p compared with 20.9p. The interim dividend is 2.5p (2.25p).

Lord King commented that BA would continue to improve the quality of its passenger operations.

The introduction of the new business classes, Club World on long-hauls and Club Europe on short-hauls, had already produced 17 per cent and 9 per cent growth respectively in passenger numbers, both results being much greater than the normal growth in the size of the market.

Lex, Page 32

Brian Powers: surrendering control after five months

Sudden change of taipan at the Noble House

Michael Marray looks at Jardine Matheson's new managing director

A CHAPTER worthy of the pen of novelist James Clavell was added to the Jardine Matheson saga last week, as Mr Brian Powers, appointed only five months ago as the company's first American taipan (or big boss), took Hong Kong by surprise with the announcement that he is to step down at the end of the year.

The move sparked off its fair share of wild rumours, featuring failed palace revolutions, internal strife, and Machiavellian intrigue in the Noble House.

However, Mr Powers' stated reason, that he is returning to the US because of his wife's ill health, has generally found acceptance, even if conspiracy theories do linger on.

His departure will clear the way for Mr Nigel Rich to assume overall command of Jardine Matheson's diversified business empire, which numbers hotels and property, financial services, retailing, engineering and construction among its many activities.

The months prior to Mr Powers appointment saw fervent discussion in the colony over what was only half jokingly referred to as the thorny constitutional issue of an American rising to be taipan, and it is hard to imagine that the decision to appoint the 38-year-old Mr Powers was not a source of disappointment for Mr Rich.

But now he is to get his chance.

Aged 43 year and a chartered accountant by training, Mr Rich is seen as a sound, if less exciting, successor to Mr Powers, and one who enjoys a close relationship with Mr Simon Keswick, the non-executive chairman of Jardine Matheson who himself ended a six-year stint as taipan in June of this year.

"He's paid his dues in terms of Jardines loyalty," said one broker, who argued that the change at the top of the company makes little difference, as whoever runs the group needs the approval of the Keswick family on major issues of strategy.

Investors also reacted with equanimity to the news, with the share prices of the principal listed companies within the *group showing little clear direction* after the announcement was made.

Mr Rich, a one-time personal assistant to Mr Simon Keswick, has spent much of the past decade at Hongkong Land, during which time the property concern was making the slow journey from near bankruptcy to the position of strength that it enjoys today.

Mr David Davies, who resigned as head of Hongkong Land in 1986 after disagreements with Mr Keswick over corporate strategy, was the man most publicly associated with the resurrection of Hongkong Land, but there are those who point to a lower profile but no less significant contribution from Mr Rich.

Regardless of the personality at the top, Jardines is clearly not a one-man show, having come a long way since its headquarters were transfered from Canton in mainland China to Hong Kong in 1841, at a time when opium trading was the mainstay of its business activities.

Mr Rich takes over at a time when most of the units within the group's five core business areas are in better shape than ever, buoyed by three years of runaway economic growth in the colony.

Rental income from Hongkong Land is growing fast as a result of an acute shortage of office space in the Central business district, while the Mandarin Oriental International hotels division is also experiencing strong profit growth.

The restaurant and supermarket chains are doing a roaring trade, while the distributorship for the West German car manufacturer Mercedes-Benz, an enduring status symbol in a city where entire traffic jams sometimes appear to be made up exclusively of Mercedes cars, continues to be lucrative.

Financial services such as merchant banking, insurance and stockbroking are also performing well.

With first-half net profits for Jardine Matheson up by 38 per cent over the same period last year to HK$450m (US$58m), Mr Rich is inheriting a booming empire and the next five years are unlikely to be quite as traumatic as the last five.

They began with the assumption of control by Mr Simon Keswick, and the start of a rescue operation to nurse back to health a group brought close to collapse by the heavily indebted Hongkong Land.

Two years ago saw a complex series of corporate manoeuvrings, as a new structure for the group slowly emerged, with Jardine Matheson at the top, holding stakes in the separately listed Dairy Farm, Hongkong Land and Mandarin Oriental through the newly created Jardine Strategic Holdings.

This was the era during which Mr Powers made his business mark, bringing in his corporate finance skills learned at New York investment bank James Wolfensohn to become one of the major driving forces behind the wholesale restructuring of the group.

Despite intense arguments at the time, the move to demerge and separately list the hotels and retailing divisions has unlocked added value for shareholders, *while the crossholdings between* Jardine Matheson and Jardine Strategic have strengthened the control of the Keswick family on the group.

Nigel Rich: a sound if unexciting successor

Earlier this year, after months of takeover speculation centring on Hongkong Land, Jardines bought back shares amassed by a group of local entrepreneurs including Mr Li Ka-shing, and received an unusual hands-off agreement from the three predators that rules out any takeover attempt by them for the company over the next seven years.

With Land *seemingly safe* and control over the group strengthened, the priority in recent months has appeared to be one of developing the existing core businesses rather than scouring the world for major acquisitions that may in time not come up to expectations.

Indeed, one of the biggest acquisitions abroad announced by Jardine since the restructuring – a plan to buy a 20 per cent stake in Bear Stearns, the Wall Street secruities dealer – promptly went sour, and remains as something of a black mark against Mr Powers, who was seen as the moving force behind the deal.

Jardine pulled out in the wake of the stock market crash, but the deal remains the subject of a lawsuit brought by Bear Stearns against the Hong Kong group.

Retailing is one area where acquisitions have been made – notably a 25 per cent stake taken last year in the UK supermarkets group Kwik Save and expansion into Taiwan.

But plans to expand the hotels division have been slow to develop, as Mandarin Oriental has preferred to let others pay some of the sky high prices seen recently for properties in Europe and the US.

"I don't think there is any grand design, other than developing each of the various operating divisions," said one local stock broker, "They have got their hands full with their existing businesses."

But Mr Rich, despite his low-key public image, could yet spring a surprise or two when he takes over what is still seen as the most glamourous job in the Hong Kong business world.

Benckiser buys Italian foods group

By Haig Simonian in Frankfurt

BENCKISER, the privately owned West German detergents and speciality chemicals group, has beaten Henkel, its similar but appreciably larger rival, to control of Panigal, an Italian detergents and foods group that seemed to be all but within Henkel's grasp late last month.

Benckiser is paying L165bn ($126m) for full control of Panigal, a family-owned company based in Bologna. The group, which will have sales this year of about L310bn, is concentrated in the detergent and chemicals business.

Both Benckiser and Henkel have been rapidly building up their Italian activities in recent years via a string of acquisitions. In May, Benckiser beat Henkel to a 54 per cent stake in Mira Lanza, a leading Italian washing and cleaning material producer for which it paid around L240bn.

Henkel, which had been in talks with Ferruzzi, owner of the stake, suggested at the time that Benckiser had paid too much. Similar mutterings are no doubt to be heard in its Cologne headquarters following the latest setback.

Panigal's major product, "*Sole*," *holds a major position in* the Italian detergents market, according to Benckiser. The acquisition will have "remarkable synergy effects" on Benckiser's Italian business, which now accounts for about 30 per cent of this year's total group turnover which is set to rise to DM1.9bn ($1.1bn), it said.

Less clear is the fate of Panigal's food activities, which account for about 42 per cent of its sales. During the previous takeover talks with Henkel, it appeared that the foods side of the business would subsequently be sold off to a separate buyer.

INTERNATIONAL COMPANIES AND FINANCE

Mixed results from three US retailers

By Anatole Kaletsky in New York

THREE LARGE US retailing groups yesterday reported generally mixed results in the latest quarter. But all of the stores chains said that inventories were well under control ahead of the Christmas period.

The comments added to Wall Street hopes that last year's disappointments in stores results could be avoided in the crucial Christmas quarter.

J.C. Penney, the second largest US retailing group, said net earnings for the third quarter fell to $160m or $1.17 a share. This was 6.7 per cent below last year's corresponding profits of $171m or $1.14.

For the first nine months of 1988, Penney's net income was $372m or $2.74 a share, compared with $410m or $2.72 a year earlier, excluding a non-recurring charge of $140m connected with last year's decision to move the company's headquarters from New York to Dallas.

The decline in Penney's latest quarterly result was due to a 3.9 per cent fall in sales to $3.61bn, which was not quite matched by a 2.7 per cent drop in operating costs. Nevertheless, Mr William Howell, the company's chairman, said that gross margins as a percentage of sales had improved.

Mr Howell added that gross margins should continue to rise during the holiday period, despite the highly competitive environment, because of reductions in inventory levels.

Dayton Hudson, a big retailer based in Minneapolis, reported third-quarter net earnings of $45.6m or 54 cents a share, up 59 per cent on the $33.6m or 34 cents it made a year ago.

The rapid advance was due to a combination of large-scale investment in new stores, while the benefits at the per-share level were boosted by a share repurchase programme.

Dayton's quarterly revenues increased by 12.9 per cent to $2.87bn, while operating costs grew by 12.6 per cent. The common shares outstanding fell by 14 per cent to 83.8m.

Mr Kenneth Macke, chairman, said much of the improvement was due to a turnround at Mervyn's, one of the group's main stores chains. He added that sales had strengthened there because of an improved inventory content, which resulted in fewer markdowns and better gross margins.

Dayton Hudson, he said, was expecting a good holiday season and fourth quarter.

Carter Hawley Hale, another leading stores group based in Los Angeles, reported net earnings of $11.3m or 52 cents a share in the first quarter of its fiscal year, which ended on October 29.

This was 5.6 per cent higher than the $10.7m or 40 cents a share it earned a year earlier. The group's total sales increased by 4.3 per cent to $636.7m.

Mr Philip Hawley, chairman, said that sales had improved in the quarter, in spite of the women's apparel side being somewhat slow. He added that inventories were on target for the holiday quarter.

Phillips Petroleum is coming off the defensive

James Buchan in New York reports on the sharp recovery of the eighth largest US oil producer

Two years ago, America's eighth-largest oil producer was bankruptcy-bait. The company was being crushed by a falling oil price and the $8.6bn in debt it was forced to shoulder to fight off two Wall Street takeover raids in 1984-85.

Last month, Phillips Petroleum reported the best improvement in profits among large US oil producers. Despite terrible prices for crude oil and natural gas, Phillips has earned enough from selling petrol and chemicals (and some peripheral businesses) to reduce its debt to below $5bn.

It is investing again to produce oil, improve its filling stations and build a new petrochemical plant. Phillips stock, which fell to $8 in 1986, is now in the high teens.

But the men who run Phillips are not shouting about it. They have had to lay off nearly 8,000 workers since the end of 1984, including half of the office and production staff in the small Oklahoma town of Bartlesville, which has been Phillips' home base since 1917. They are replacing the oil and gas they produce from the US and the North Sea, but only just. The threat of takeover is still there.

"There's just so much crude oil available," says Mr Glenn Cox, Phillips' 59-year-old president. "Prices are going to be volatile for the next several years. We have to live with it."

The key to Phillips' recovery is a surge in its refining and marketing or "downstream" operations and the petrochemical business it built to exploit its abundant supply of natural gas liquids. In the early 1980s, these operations were a burden because the markets for petrol and commodity chemicals, such as ethylene and propylene were glutted.

This year, they are booming. Demand for ethylene from makers of plastics and fibres has caused prices to double – from 15 cents a pound last year to over 30 cents. Phillips' Sweeny, Texas plant is working at full capacity. The group has also maintained prices of its Phillips 66 gasoline on the roadside, even though the cost of oil and gas liquids has tumbled for Sweeny and the two other Phillips refineries.

Net income for the first nine months of this year was $515m, compared to just $2m in the first three quarters of 1987. This is not the result just of good downstream markets.

Wall Street analysts say that Phillips, once the archetype of the cushy and good-natured small-town employer, has cut expenses dramatically by reducing its exploration and production workforce and focusing its downstream marketing effort.

Glenn Cox: 'The only way to stop a raider is with a high stock price'

"In the first part of 1985," says Mr Cox, "we used a crude price of $26 a barrel for our planning. The downside case was $20. That just shows how badly we missed it. Now we can operate at $15 a barrel and $1.20 a foot for natural gas. We have wrestled with this problem."

The rise in profits has allowed Phillips to repay debt at a much faster rate that was imaginable two years ago. The company has just redeemed an expensive issue of preferred stock. Mr Cox reckons Phillips needs to set aside only about $400m a year until a balloon payment in 1995. Phillips bonds, which used to be the epitome of low-grade junk, have just been upgraded a notch by the rating agencies.

For the first time since 1985, Phillips is coming off the defensive. "From 1985 to this year," says Mr Cox, "raising earnings was the priority and we focused on decreasing debt. For the next three years, we can attend to the business." Capital expenditure, which was $750m in 1987 and not enough to cover the wear-and-tear on existing company assets, has been raised to almost $950m for this year.

The bulk of the spending is still going to exploration and production, where Phillips is struggling to arrest the slow liquidation of its oil and gas reserves.

As the oil price has fallen, so Phillips has recognised that some reservoirs cannot be economically exploited. Others have had to be sold to pay down debt. At the end of 1984, Phillips had 931m barrels of proved oil and 6,110bn cu ft of gas. By the end of last year, proved reserves were down to 744m and 5,280bn, despite lower production.

Lacking the means to gamble heavily on finding new fields, Phillips has been forced to squeeze oil out of existing fields.

At Ekofisk, a mature North Sea field which has suffered from subsidence of the sea bed, Phillips has been able to increase reserves through injecting water into the reservoir. The company is building a concrete jacket to protect a large steel storage tank from the rising waves.

In the US, the upstream business is still depressed. But Phillips is hoping to start production early next year at Point Arguello off the coast of southern California, which should add a further 15,000 barrels a day at its peak.

Downstream, Phillips is trying to improve a gasoline marketing network which has been on the slide for years. The company, which used to operate in every US state, has retrenched to the south and Midwest, in handy reach of Phillips two main refineries in Texas. With just a tiny fraction of the 10,000 Phillips 66 stations actually managed by the company, Mr Cox says many stations are shabby or out of the way. The company is working to persuade independent marketers to improve their stations, while building or renovating more than 50 of its own.

Meanwhile, Phillips has spent the best part of $300m to add 1.5bn lbs of capacity and remove bottlenecks at its Sweeny ethylene plant. "I wish that plant was on stream today," Mr Cox says. "But when it's mechanically complete in the fourth quarter of 1990, there should still be a well-balanced market."

None of this will protect Phillips from takeover. On the contrary, the reduction in the debt load has made Phillips less unpalatable to a raider, analysts say. In the summer, Phillips paid off some debt by issuing a block of 17.4m shares to its employees, leaving 7 per cent of its shareholding in "friendly" hands.

But Phillips has no illusions that this will prevent a hostile takeover. "It stabilises the ownership," says Mr Cox. "But the only way to stop a raider is with a high stock price."

Combustion Engineering revises profit statement

COMBUSTION Engineering, the US process and power equipment maker, has revised its third-quarter and nine-month results. The revision has been made to reflect an increase in the pre-tax provision taken in the third quarter to $165m, or $2.69 a share after taxes, reports Reuter.

The group had previously announced a pre-tax provision in the third quarter of $80m.

The increased provision results primarily from costs associated with tube failures at the Hartford waste-to-energy plant, and further analysis and review of cost estimates to complete fossil fuel systems contracts at home and abroad.

The company now reports a third-quarter net loss of $91.75m compared with the $28.5m loss reported on October 24. Last year the group reported net income of $15.3m or 40 cents a share.

Hoechst up 34% at 9 months

By Haig Simonian in Frankfurt

HOECHST, the leading West German chemicals group, underlined the recent highly upbeat trend in the German chemicals industry by announcing a 34 per cent jump in pre-tax profits for the first nine months of this year to DM2.96bn ($1.69bn).

The figures from Hoechst, which are the first of Germany's big three chemicals groups, are likely to be reflected, in slightly less pronounced form, by Bayer and BASF when they report their nine-month results next week.

Group sales at Hoechst, which last year bought Celanese, the US chemicals group, rose by 10.8 per cent to DM30.2bn. Foreign sales rose by 12.3 per cent to DM22.8bn, while domestic turnover climbed 6.2 per cent to DM7.3bn.

The upward trend has continued into October, and Hoechst is predicting that both sales and profits are set to rise "distinctly" above those for last year. Mr Wolfgang Hilger, chief executive, said group sales for 1988 were likely to be about 9 per cent above the DM37bn recorded in 1987.

The company declined to make a profits forecast. But analysts reckon pre-tax earnings could reach almost DM4bn if it can maintain its present profit margin. The margin rose to about 9.8 per cent in the first nine months of this year from 8.1 per cent in the same period last year and would remain "approximately so," said Mr Hilger.

Mr Hilger parried questions about a dividend increase, which has been widely expected. Higher pre-tax profits provided some room for manoeuvre regarding the dividend. "That leaves you room to speculate," he said.

Demand for Hoecsht products has been strong almost across the board, allowing some small price increases. Among the most successful areas have been plastics, organic basic chemicals, paints, fibres and pharmaceuticals outside Germany.

Profits have risen "appreciably" in all its business areas, with earnings at the parent company and at Hoechst Celanese doing particularly well. Almost the only worrying note in an otherwise astonishingly optimistic theme picture is the recent sharp rise in raw material prices and the opposition Hoechst is experiencing in Germany towards its genetic technology plans.

Pan Am agrees wages deal with flight union

By Our Financial Staff

MEMBERS OF the Independent Union of Flight Attendants have ratified a 39-month contract with the Pan American World Airways which will lead to much-needed cost savings. The contract was agreed by a margin of 1,793 to 597.

The US airline said the contract, which covers Pan Am's 4,600 flight attendants, provides for wage cuts and productivity deals that will reduce costs by $32m a year.

Mr Thomas Plaskett, Pan Am chairman, called the ratification "another important step towards the airline's recovery." The airline has been weakened by losses during the 1980s and has been negotiating key cost-cutting agreements with its unions.

Canadian Pacific units show improved earnings

By David Owen in Toronto

CANADIAN PACIFIC, the Montreal-based resource, transportation and property conglomerate, reports lower third-quarter net income after taking into account a C$160.8m (US$180.7m) extraordinary gain from the sale of Maple Leaf Mills in last year's corresponding period.

But before extraordinary items, profits for the latest period were well up on comparable 1987 levels. Improved earnings came from the transportation and waste services, forest products, and property and hotels divisions.

In all, net income totalled C$199.2m or 63 cents a share, against C$320.5m or C$1.07 a year ago. Revenues fell to C$3.01bn from C$3.05bn.

The latest figures include extraordinary losses of C$26.4m on the sale of the group's 53.8 per cent stake in Algoma Steel and C$30.6m on a writedown and restructuring at CP Telecommunications. These were partially offset by gains of C$47m on the sale of 10 bulk-ships, resulting in an overall charge in the quarter of C$10m.

Nine-month net income was C$613.5m or C$2 a share on revenues of C$9.22bn. This compared with C$791.7m or C$2.64 on revenues of C$9.1bn in 1987.

Last year's figures included an additional one-time gain of C$193.3m on the respective sales of Canadian Pacific Air Lines and a UK office building.

During the third quarter, the group raised its quarterly dividend to 19 cents a share from 15 cents.

INTERNATIONAL COMPANIES AND FINANCE

Delhi Cloth Mills to be split into three

By K.K. Sharma in New Delhi

DELHI Cloth Mills (DCM), the Rs6.24bn ($421m) textiles, engineering, chemicals and fertiliser group owned by the feuding Shriram family, is to be split into three companies. Assets of the three will be transferred to three branches of the family over the next year.

Details will be unveiled at the annual meeting next month. The action is being taken to check the losses of many of its ailing units. The troubles of the loss-making companies are said to be due mainly to differences among three warring cousins who have now concluded that a split is unavoidable and in the best interests of all.

Under the agreement Mr Bansi Dhar, the present chairman and managing director of DCM, will head a company to run the group's complex at Kotah, consisting of fertilisers, polyvinyl chloride, rayon tyre cord and cement units and also Swatantra Bharat Mills, a textile company, and a sugar plant at Daurala.

The second branch of the family, represented by another cousin, Mr Vinay Bharat Ram, will form a second new company, which gets Delhi Cloth Mills, the original textile mill launched by his grandfather from which the group derives its name.

Located on 63 acres of prime land in the old city of Delhi, the company is now waging a major battle with the Delhi administration to close down the loss-making 100-year-old mill and redevelop the land, which would then be worth more than Rs2bn. The mill's closure was recently stalled by its workers, who obtained a court injunction against the move.

Other units to be transferred to this branch of the family include Shriram Fibres, DCM Toyota (which makes commercial vehicles), a foundry unit in Punjab and Data Products, a Delhi-based computer company.

Finally, the Charat Ram branch of the Shriram family, represented by Mr Siddharth Shriram, will launch a company to run DCM's present cooking oil and chemicals unit in Delhi, a sugar works at Mawana, Jay Engineering Works, Usha Sales International, Shriram Refrigeration and Shriram Honda.

The changes, if permitted by the Government and the public financial institutions which own substantial equity in all the companies, will bring an end to a 15-year-old feud of the kind which has led to splits in many other family-owned groups such as the Birlas.

The financial institutions have been putting pressure on them to find a solution to protect shareholders' interests.

HK market in chaos after TV group's shares halted

By Michael Marray in Hong Kong

CHAOS reigned on the Hong Kong Stock Exchange yesterday morning as confusion over the restructuring of the television company HK-TVB led to a mid-morning suspension of trading in its shares on the grounds of a false market having been created.

The shares, which had previously closed at HK$14.20 ($1.82), were back on the board after a two day suspension, while the lucrative television broadcasting assets, which provided some 90 per cent of group profits last year, were demerged into a separate company.

It soon became clear that some investors had not taken notice of the changes, and an early crossing of 156,000 shares at HK$13.50 amazed onlookers, who put a price tag of less than HK$2 a share on the new version of HK-TVB, now a merchandising, travel and entertainment business.

A stock exchange announcement warned brokers to exercise caution, but after several more trades at over HK$10 trading in the shares was suspended at the request of the HK-TVB board. In all 298,000 shares changed hands.

Miss Susan Selwyn, acting chief executive of the Stock Exchange, said that an investigation would be made into the circumstances which led to the development of an apparent false market in the shares. Brokers should take their own legal advice regarding their respective rights and liabilities in connection with the trades, she added. The trades will however remain valid.

Brokers who bought the shares will now have to explain substantial losses to clients in an affair which is an embarrassment to the Hong Kong investing and broking community, especially given the amount of publicity which surrounded the restructuring. HK-TVB shares will remain suspended today, allowing more time for people to do their homework before trading resumes on Thursday.

Trading in the new TVB shares, one of which was allotted to old HK-TVB shareholders for each share held, will commence on November 23.

Honda half year net up 11.4%

By Michiyo Nakamoto in Tokyo

HONDA, the Japanese car and motor cycle maker, yesterday announced an 11.4 per cent increase in consolidated net profits to Y48.5bn ($362m) for the first half to September.

Sales increased 9.8 per cent to Y1,673.9bn for the period, results for which are in comparison with a 1987 half-year adjusted from the actual seven-month period last year, due to a change in the company's year end.

The earnings rise was attributed primarily to buoyant demand for cars, particularly in Japan, but also overseas, in spite of the sharp appreciation of the yen. The increase in overseas sales was largely due to strong sales in North America, where Honda has been helped by its Ohio plant and by a strengthened distribution network.

Honda's motor cycle sales posted an overall decline, due largely to a decrease in exports, and sales of power products also fell as a result of generally sluggish markets.

For the parent company alone, pre-tax profits increased to Y44.67bn on the strength of increased domestic sales of cars and motor cycles. The figure represents an 11.3 per cent rise when results for the previous seven-month period are converted into a six-month figure, company officials said. Honda's unconsolidated sales also rose to Y1,284bn, representing a 7 per cent increase over adjusted results for the previous term.

Suzuki Motor, its smaller rival, suffered a 6.8 per cent drop in parent company profits to Y9bn before tax for its first half to September, due mainly to decreased revenues from exports and a mid-term model change that raised depreciation costs for the period.

Sales increased 0.8 per cent to Y377.8bn, supported mainly by strong domestic demand for cars and motor cycles. Exports, on the other hand, fell slightly both in unit and value terms, in part due to allegations by US consumer groups that the Samurai, a Suzuki four-wheel-drive, was defective. The introduction of a new model also led to supply shortages which contributed to the fall in exports.

Securities deals boost Minebea

By Gordon Cramb in Tokyo

MINEBEA, the world's biggest maker of miniature bearings and one of the earliest Japanese companies to start production overseas, pushed up pre-tax profits by more than two thirds in its year to September, but the company attributed a large part of the increase to gains from securities dealings.

This is in spite of the loss of some Y4bn ($32m) the company is believed to have incurred earlier this year in selling its 18 per cent stake in Sankyo Seiki, a maker of music boxes, after Minebea abandoned its takeover attempt.

Profits of Y15.26bn before tax, compared with Y9.06bn last year, none the less also reflected a 22.6 per cent rise in sales to Y156.5bn and a 44.9 per cent jump in operating income

Net earnings of the company – a foreign investor favourite which has also in its time been the target of a potential hostile takeover bid – were down at Y19.39 per share against Y20.81 because of an increased number of shares in issue. The annual dividend is being maintained at Y11.75.

For its current year, Minebea forecast a flattening out of pre-tax profits to Y15.5bn, in spite of a further rise in sales to Y180bn. Earnings per share are expected to recover to Y21.81.

Taisei tops rival with sales of Y547bn

By Gordon Cramb

TAISEI, the big Japanese construction company, overtook its rival Kajima to reach sales of Y547.1bn ($4.42bn) in its first half to September, up 29.6 per cent, but a doubling of pre-tax earnings to Y20.66bn from Y9.65bn was not enough to give it the lead in profitability.

Kajima lifted its own profit by 76.3 per cent to Y23.47bn before tax, on revenues 22.8 per cent higher at Y541.2bn. The company, which has been active in foreign markets, including Hong Kong, expects a full-year outcome of Y47bn on sales of Y1,230bn. No comparisons were available for these as Kajima has changed its year-end.

At Taisei the forecast for the whole of 1988-89 is for a 24.2 per cent pre-tax rise to Y37bn as revenues swell to Y1,257bn, up 21.6 per cent.

ICI Australia lifts after-tax profits 60.4%

By Chris Sherwell in Sydney

A STRONGER performance from ICI Australia's plastics businesses has helped boost its annual after-tax profits by 60.4 per cent to A$174.2m ($148.2m) on revenues of A$3bn, up from A$2.5bn.

Releasing its results for the year to September yesterday, the 62.6 per cent-owned subsidiary of Britain's ICI said the increase followed a similar 56 per cent profits rise in 1986-87, and foresaw continued economic growth and firm demand for its products in 1988-89.

The group proposed a final dividend of 25 Australian cents, making a total for the year of 36 cents, fully franked for dividend imputation tax. It said that would mean a total dividend payout 80 per cent higher than last year.

Profit gains were made in most businesses as a result of increased sales volumes and improved productivity and margins. Revenues were boosted by a seven-month contribution from the acquisition of Berger, British Paints and Selleys Chemicals. Reduced corporation tax also helped.

A breakdown of trading profits showed the plastics and olefines business almost doubling its contribution to A$154m from A$81m. Directors said the higher margins in petrochemicals could, if sustained, warrant further investment.

The contribution of industrial and agricultural chemicals increased as the rural recovery stimulated fertiliser demand. The paints business also showed growth.

The blackest spot was New Zealand, where the economy's deterioration hurt the group's paint and chemicals businesses. "The return from ICI New Zealand continues to be unsatisfactory and a programme of restructuring and rationalisation has been implemented," the directors said.

Fedfood raises turnover in line with inflation

By Jim Jones in Johannesburg

FEDFOOD, the South African food manufacturer, lifted turnover in line with the inflation in food prices during the half year to September 30 1988.

The first half's turnover advanced to R558m ($232m) in the six months to September from R486m a year earlier, the interim operating profit before tax and interest was R43.1m against R32.9m and the interim pre-tax profit rose to R34.5m from R23.8m.

Against this, turnover totalled R1.01bn in the last financial year, the year's operating profit was R77.5m and the company's pre-tax profit was R60.9m.

The directors expected slower earnings growth in the second half. The first half's earnings increased to 65 cents a share from 50 cents and the interim dividend has been raised to 16 cents from 13 cents. Last year a total dividend of 38 cents was paid from earnings of 129 cents per share.

INTERNATIONAL COMPANIES AND FINANCE

Caisse chief defends role in raid on SocGen

By Paul Betts in Paris

THE CAISSE des Depots et Consignations, the French state credit institution, defended yesterday its decision to back Mr Georges Pebereau's controversial stock market raid on Société Générale, France's largest privatised commercial bank.

Mr Robert Lion, managing director of the Caisse, claimed that Mr Pebereau and his French partners would help strengthen the shareholding structure of SocGen against the threat of hostile advances from unwelcomed investors, especially from abroad.

He argued that the current core shareholding structure of the privatised bank was fragile and that Mr Pebereau and his allies would also help boost the international development of SocGen.

The Caisse has emerged as the principal financial ally of Mr Pebereau, funding about one third of the FFr3bn ($504m) which Mr Pebereau's SIGP holding company has raised to acquire a 8.63 per cent stake in SocGen.

Mr Pebereau's Marceau Investissements fund owns additional shares in SocGen bringing his total current holding in the bank's share capital to 9.16 per cent. The Caisse also owns directly a 4.1 per cent stake in the privatised bank.

The presence of the Caisse in Mr Pebereau's camp has fuelled criticisms that the Socialist government was backing the raid on SocGen to try to break up the bank's current core shareholding structure set up by the previous right-wing government

Mr Lion's defence yesterday of his institution's role in the SocGen raid appeared to reflect the government's growing political embarrassment over the affair. Mr Lion said he hoped negotiations between Mr Pebereau's group and SocGen due to start later this week would help resolve the conflict.

But SocGen continued to insist yesterday that no concrete dialogue between the two camps was possible while the Caisse des Depots remained a key SIGP shareholder.

European sales help VW lift nine-month net by 7%

By Haig Simonian

NET GROUP earnings at Volkswagen, the West German automotive group, increased by almost 7 per cent to DM419m in the first nine months of this year against DM393m in the same period last year thanks to the buoyant European car market, rationalisation and the introduction of new models.

Group sales to end-September rose by 12.3 per cent to DM43.1bn, with foreign turnover climbing by more than 17 per cent to DM26.7bn, while domestic sales rose by 5.1 per cent to DM16.4bn.

The increase in sales stemmed from a mixture of higher production and an upturn in leasing and rental business. Propelled by the rise in demand in European export markets, deliveries to dealers in the first three quarters of this year rose by 3 per cent to 2.09m units.

Sales in neighbouring European countries led the surge, with a rise of 7.7 per cent to over 880,000 units. Turnover in Italy, VW's biggest export market, increased by 9.7 per cent, while Spain and France registered rises of 18 per cent and 11.5 per cent respectively.

By contrast, deliveries to domestic customers slipped by 5.1 per cent to some 642,652 vehicles as a result of a slowdown in the car market compared with the record year in 1987, VW said.

Production bottlenecks were partly to blame, notably for the new Passat range, where demand is still well over supply. Elsewhere, demand for VW models, notably the Golf and the Audi 80/90 as well as the Seat range, remains high, VW said. The up-market end of the group's model programme will be soon be extended with the Corrado coupe, Audi V8 and Audi coupe.

VW is still experiencing some problems in the US and South America. Group sales in the US fell by 15 per cent to 183,001 units. However, the closure of the loss-making Westmoreland plant should eventually feed through into profits, VW said.

Meanwhile Autolatina, VW's South American joint venture, has now turned the corner into the black.

Continental lifts turnover 60%

BY Haig Simonian

CONTINENTAL, the West German tyre manufacturer, raised group turnover by almost 60 per cent to DM5.6bn (US$3.2bn) in the first nine months of 1988 thanks to the continuing upswing in the automotive industry and the consolidation of results for General Tire, the US tyre producer it bought in July last year.

The company gave no profit figures, but said that after "two very successful years" in 1986 and 1987, it was expecting "considerably higher profits" once again this year, not least because of General Tire's inclusion. Net earnings in 1987 amounted to DM183.8m.

Group sales for 1988 as a whole should rise in line with forecasts to some DM7.8bn, against DM5.1bn in 1987, according to Continental. Excluding General Tire, group sales went up by 7.3 per cent in the nine months to end-September.

According to Mr Günter Sieber, a member of Continental's managing board, the group hopes to raise turnover to more than DM10bn by 1992 as a result of its investment plans. Further acquisitions are not ruled out, but the group "primarily intended to concentrate future growth on its existing basis," he said.

Production in the European car industry is now likely to flatten out, reducing the potential for growth in the tyre business next year, Continental said. However, the company has taken comfort from the fact that its presence in both Europe and the US should protect it from variable growth and currency movements in future.

Continental's European tyre activities have benefited from the rise in demand, but fierce competition, which has kept prices low, and the strength of the D-Mark have been "negative trends" which have not been entirely compensated by raising output and concentrating more on higher-value products, it said.

However, market share has increased thanks to heavier marketing, and the company said it hopes the trend will continue, despite a decision to raise prices last month.

In the US, turnover at General Tire went up by 10 per cent in the nine months to end-September. The company is looking to work more closely with domestic auto manufacturers, not least the growing number of Japanese producers setting up their own production facilities in the US.

Nixdorf likely to cut dividend

By Our Financial Staff

NIXDORF COMPUTER, the West German computer group, said yesterday that it is likely to cut its 1988 dividend from 1987's DM10 per DM50 share, contrary to earlier reports saying that the payout would be held steady.

Nixdorf's statement took the Frankfurt stock market by surprise, dragging it down from earlier gains to close near Monday's finishing levels. Nixdorf's stock slid DM15.50 to end at DM390.50 ($224m).

"The development of profit up until now does not allow for a dividend at the same level as a year ago," Nixdorf said in a telex yesterday.

In what the company said was a correction of news agency reports on a Boston press conference, Nixdorf said it could not comment on the exact level of expected profits in 1988. "The decline in prices and margins has increased in the last few months," the company said. Nixdorf had profit of DM264m on sales of DM5.1bn in 1987.

Analysts believe this year's dividend is likely to be cut substantially from 1987 levels. "I can't believe they would make this statement if they were only going to make a DM1 cut in the dividend. I fear it will be much more," said Mr Hans-Peter Wodniok at Bank in Liechtenstein (Frankfurt).

Another Frankfurt based stock analyst said the dividend would be cut to at least DM8 while group net profit could be as low as DM150m against the DM264m in 1987.

Atlas Copco reports 42% advance

By Robert Taylor in Stockholm

ATLAS COPCO, the Swedish mining, construction and industrial equipment manufacturer, yesterday reported a 42 per cent improvement in profits after financial items for the first nine months of the year to SKr785m ($129m) against SKr553m a year earlier.

Mr Tom Wachtmeister, chief executive, said the company expected to show profits for 1988 of about SKr1bn (after financial items). Sales rose 13 per cent in the nine months to SKr9.2bn while orders rose 16 per cent to SKr10bn.

Strongest sales growth was inside the European Community, particularly in Britain, Italy, Spain and Portugal, where there has been a big demand for the company's industrial compressors, hand-held tools and components for the manufacturing industry. The company has also benefited from a favourable market for its products in the US.

Demand continues to remain strong for Atlas Copco's mining and construction equipment, with substantial sales to large construction projects in the EC. The decline in order bookings and invoiced sales in that sector has been attributed to the loss of the South African market to Atlas Copco as a result of a ban by Sweden on exports to that country.

But the company's policy of acquisitions continues apace. During the second quarter of the year it agreed to take over Secoroc, which manufacturers and markets rock drilling tools.

News Corp starts year with 18% increase

By Our Financial Staff

NEWS CORPORATION, the international media group headed by Mr Rupert Murdoch, yesterday reported an 18 per cent rise in first-quarter equity-accounted net earnings, as a result of buoyant trading in Australia, the Pacific Basin and Britain.

Net earnings rose to A$90.05m (US$76.5m) in the quarter which ended on September 30, from A$76m in the corresponding period last year, following a 16 per cent improvement in turnover to A$1.6bn.

A strong performance by Twentieth Century Fox Film also contributed, with the box-office success of Big, the comedy film, and Die Hard, the thriller. These gains were partly offset by an increase in interest charges to A$153.52m from A$125.56m a year earlier and a rise in preference share dividends.

News Corporation's three-region breakdown, given only for operating earnings before interest and tax, show that Australia and the Pacific Basin took first place in the earnings table, up from third, reversing the position of a year earlier, as the US took third place.

These earnings for Australia and the Pacific jumped to A$98.83m from A$53.13m, while Britain's rose to A$75.59m from A$62.36m and the US edged up to A$74.10m from A$73.77m.

Group earnings before deducting interest and tax rose by 31 per cent to A$248.53m from A$189.26m.

News said all segments of its Australian operations contributed to the strong result. It was also assisted by the inclusion of wholly owned Davies Brothers and Advertiser Newspapers, formerly associated companies.

Profits were also helped by a rise in the cover price of the South China Morning Post.

UK newspaper profits continued to rise, the company said. Elsewhere, the unspecified first-quarter loss for Fox Broadcasting was well below budget.

Usinor to buy Magona stake

By George Graham in Paris

USINOR SACILOR, the French state-owned steelmaker, is to take a major stake in La Magona, the Italian coated steels producer.

The French group, which is expected to make nearly FFr4bn ($672m) of profits this year after 13 consecutive years of losses, has been weaving a network of cross-border alliances both through pooling its production facilities with other steelmakers and through stakes in steel consuming groups.

The group earlier this week announced that it was taking a stake of 42 per cent in Aceros Inoxidables, the Spanish stainless steel stockholders.

INTERNATIONAL COMPANIES AND FINANCE

Super Channel breaks £2m deal with Virgin

By Alan Friedman in Milan and **Raymond Snoddy** in London

SUPER Channel, loss-making satellite channel controlled by Italy's Videomusic, has broken a key contract with Mr Richard Branson's Virgin group amid signs of conflict over the financial future of the general entertainment channel.

Mr Pierluigi Stefani, senior Videomusic executive, said in Milan yesterday that Super Channel had informed Virgin – which has a 45 per cent stake in the European channel – that it had severed its £2m ($3.6m) a year contract with West One, the Virgin company which provides technical facilities for Super Channel.

Super Channel has been broadcast since Monday from the studios of Molinaire, a London company controlled by W.H. Smith, the UK retail and television group.

Molinaire said yesterday it has a month-long contract. There is also a commitment to negotiate a longer-term contract during that period with either Molinaire or West One.

Mr Stefani said yesterday that the Virgin group "is not willing to put a penny toward the recapitalisation of Super Channel." He added, however, that negotiations were still under way with Mr Branson and hoped that "an agreement will be found."

Super Channel yesterday announced a £10m capital increase for the company which has lost more than £50m in its five years of existence.

"We are going ahead. If Virgin does not subscribe their portion then their share stake will be automatically diluted," Mr Stefani said. Virgin said a dilution formula had already been agreed which was less than a pro rata dilution.

The heart of the dispute, which surfaced in public yesterday, concerned nearly £6m in outstanding liabilities mostly involving three main Super Channel contracts. One is a £2m a year deal with West One, the second a £2m contract with Independent Television News and a £1.5m deal with Music Box, the pop music company in which Virgin has a 60 per cent stake.

"We believe we can get better service more cheaply elsewhere and we believe the fees charged by West One and Music Box were higher than the normal market rate," Mr Stefani said.

The Videomusic executive said key contracts were re-negotiated in October. The West One deal was reduced from £2m a year to £1.5m, but only on payment by Super Channel of a £1.2m "compensation fee" to West One.

The Music Box contract was to be reduced from £1.5m to £400,000 a year for a smaller number of programming hours, but only after a "compensation fee" which Mr Stefani said was £600,000.

ITN took its World News programme off Super Channel last Friday because of £400,000 in unpaid bills. Videomusic yesterday pledged to pay the bills but said it reserved the right to bring legal action against ITN. It announced it would strike several news programme deals with Visnews and other companies.

Virgin last night denied the contracts with Super Channel had been at anything other than normal market rates.

Daimler to boost stake in Dornier

THE WEST German state of Baden-Württemberg said yesterday it will sell its 4 per cent stake in Dornier, aerospace group, to Daimler-Benz for DM27.9m ($16m), AP-DJ reports from Frankfurt.

The transaction will boost Daimler's holding in its aerospace subsidiary to 58 per cent from 54 per cent. The remaining shares are still held by two branches of the Dornier family.

An agreement signed with Dornier's minority shareholders in August gave Daimler complete managerial control over its subsidiary.

Baden-Württemberg bought the interest in Dornier for about DM24m in 1985 to facilitate Daimler's plans to take majority control in the group.

● Messerschmitt-Boelkow-Blohm (MBB), West Germany's largest aerospace group, denied reports that Mr Hans Arnt Vogels will step down as chairman after Daimler completes the acquisition of a 30 per cent stake in the company.

Talks about personnel changes between MBB and Daimler have not started, the company said.

Abu Dhabi in talks on Spanish refinery

ABU Dhabi is considering raising the stake it bought in a Spanish oil refining company to give it a guaranteed outlet for its crude oil, officials said yesterday, Reuter reports from Abu Dhabi.

They said the International Petroleum Investment Company (Ipic) would decide soon whether to apply to raise its stake in Cia Espanola de Petroleos (Cepsa) to 15 per cent.

Ipic, the emirate's overseas petroleum investment arm, bought 10 per cent of Cepsa last January in a $124m deal which gave it two seats on the board. It was its first investment in a foreign refiner.

Oil industry sources close to the negotiations said an application to boost Ipic's stake would be welcomed by the Spanish Government, which must approve the move.

But they said this was only one option being considered by Abu Dhabi and Spanish oil concerns. They were also considering joint oil exploration activities in Abu Dhabi.

With its 10 per cent stake, Abu Dhabi has the right to supply 60,000 barrels per day of crude to the refiner. Oil industry sources said the aim was to secure an outlet for Abu Dhabi crude even when world demand was low.

Cepsa's board met in Abu Dhabi yesterday for the first time and its chairman, Mr Alfonso Escamez Lopez, said the Spanish Government welcomed Ipic's shareholding.

Spanish oil executives said their government had no intention of limiting foreign investment, unlike Britain which ordered Kuwait to cut its shareholding in British Petroleum.

Armstrong hints at takeover approach

By Clare Pearson in London

ARMSTRONG Equipment, UK-based motor components and industrial fastenings business with a chequered profits record, yesterday said it had received an approach which might lead to an offer being made for the company.

The shares jumped 26p to 160p, valuing the company at £83.8m ($150m).

An wide range of companies, both internationally and in the UK, were thought possible predators yesterday.

Armstrong is one of the few remaining independent UK motor components companies at a time when there is increasing pressure from manufacturers for their suppliers to form larger groupings.

It could therefore look attractive to many companies in the industry.

Mr John Pratt, Armstrong's finance director, declined to elaborate on the company's brief statement that it had received an approach.

Among those companies mentioned as likely bidders, Mr James Leek, chief executive of Caparo Industries, said his company was not involved.

Caparo had been mentioned since it holds a substantial stake in Armstrong, which Mr Leek said had been increased from 8.1 to 9.5 per cent over the last week.

Analysts noted that Wardle Storeys, UK manufacturer of plastic sheet, also disclosed it held a 4.7 per cent stake in an unnamed company.

Armstrong recently suffered a major set back through accounting problems at its plant in York, north England.

INTERNATIONAL CAPITAL MARKETS

Volume remains subdued ahead of US trade data

By Dominique Jackson

BOTH PRIMARY and secondary market activity in the Eurobond market remained virtually on hold yesterday ahead of today's US trade report for September, which is expected to set the near term course for both currency and bond markets.

No new dollar straights emerged, although reports continued to circulate that Japan Highway was about to tap the sector. Another Australian dollar bond emerged, however, while the primary market in Germany was fairly active.

Despite continued pressure on the Norwegian kroner, dealers said the Kingdom of Norway's outstanding Eurobond issues did not seem to be affected, although some pointed out that business overall was muted yesterday.

Fears ahead of today's Australian trade figures also limited activity in that sector, although sector specialists noted that many of the latest crop of new Australian dollar issues were mainly trading around the level of their fees, suggesting that dealers were holding on to the paper before today's statistics.

The sector had a fairly volatile time last week as the Australian dollar rose to a four-year high against its US counterpart, partly due to the latter's weakness. Two consecutive rises in the rediscount rate helped push longer dated Eurobonds markedly higher and triggered a rush of issues by making the swap rates look more attractive.

Despite the inevitable congestion in the sector, issues with a slight twist seemed to attract a fair degree of investor attention such as last week's zero coupon for SAGFA, while Monday's A$50m two-year issue for Montreal Trust Company of Canada via County NatWest, carrying an attractive, retail-oriented 14¾ per cent coupon, also seemed to fall into this favoured bracket.

Dealers said they saw limited business in yesterday's A$50m four-year deal by Finance for Danish Industry via Norddeutsche Landesbank Girozentrale but added it could have been substantially placed via the lead manager's own strong retail distribution network. It was reported bid at a discount equal to its total 1¾ fees late yesterday.

Developments in the Australian dollar sector are expected to hinge on the trade report for October, due today, for which the mean forecast for the deficit ranges from A$1.3bn to A$1.6bn. October is traditionally one of the worst months of the year for the trade balance and this year's figure is expected to include several hundred million dollars' worth of aircraft imports. Anything above A$1.6bn could signal a sell off, but some dealers believe that the market could see somewhat of a rally if the deficit comes in at the lower end of expectations.

In Germany, WestLB led a subordinated DM150m 10-year issue at 6½ per cent and 101 for Copenhagen Handelsbank which was yielding around 6.71 per cent at the level of its total fees. This represented a small premium over current yield levels on mortgage bonds and consequently attracted some demand from domestic retail investors. Dealers added that the issue might have received a more enthusiastic reception if the price had been at par.

Secondary bonds in the Euromark sector were fairly quiet ahead of the US trade report today, with selected issues easing marginally later in the day.

Privatbanken brought the first Eurobond issue seen in Danish kroner for more than a month. The five-year DKr260m deal for Bacob Finance, a unit of the leading Belgian savings bank, was reportedly swapped into sub-Libor dollars and was seeing steady demand, bid at a discount of 1¾ and fees of 1⅞.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
D-MARKS						
Copenhagen Handelsbank◆	150	6½	101	1998	2½/1½	WestLB
Deutsche G'zentrale Int.◆	125	5½	100¾	1993	n/a	D'sche Girozen.-Komm'bk
SBC Fin.(Cayman Is.)★★◆	70	5½	101	1993	n/a	Swiss Bank Corp.
AUSTRALIAN DOLLARS						
Finance for Danish Ind.◆	50	13¾	101¾	1992	1¾/1⅛	Norddeutsche Landbk
DANISH KRONER						
Bacob Finance◆	260	9	100⅝	1993	1⅞/1¼	Privatbanken
SWISS FRANCS						
Inter-Lease Corp.★★◆	20	4⅝	100⅛	1993	n/a	Taiyo Kobe Finanz
CANADIAN DOLLARS						
Issue increased:						
PKbanken(a)◆	65	10¼	100¾	1989	⅞/½	Banque Paribas

★★Private placement. ◆Final terms. a) Increased from C$50m.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on November 15

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	94¼	94¾	+0¼	−0⅜	9.52
Amer. Brands 8⅞ 92	150	†95½	96	−0⅛	−0¼	10.29
A/S Eksportfinans 7⅝ 93	100	†93	93½	−0⅛	−1	9.35
A/S Eksportfinans 7¼ 92	150	94⅛	94⅝	−0⅛	−0⅜	9.35
Barc. Bk. Fin. 10¼ 89	200	†100⅞	101⅜	0	+0½	9.07
B.F.C.E. 7 92	150	93⅛	93⅝	0	−0⅛	9.26
British Telecom 7⅝ 96	250	90⅜	91	0	−0⅜	9.35
Cal.Natl. Telecom 8½ 93	160	†96¼	96¾	+0⅝	−0⅛	9.51
Canada 9 96	1000	99	99½	0	−0⅛	9.13
Canadian Pac 10¼ 93	100	†102½	103½	0	−0¼	9.87
C.C.C.E 7¼ 91	113	†94½	95	0	−0¼	9.24
C.C.C.E 9¼ 95	300	99⅛	99⅝	0	−0¼	9.37
C.N.C.A 9¾ 93	150	99¾	100¼	+0⅛	−0¼	6.37
Credit Lyonnais 9 91	200	99⅜	99¾	−0⅛	−0⅛	9.21
Credit National 8¼ 93	200	96	96½	0	−0½	9.30
Credit National 7⅜ 92	100	94⅜	94⅞	0	−0⅛	9.24
Credit National 7¼ 91	150	94⅝	95⅛	0	−0⅛	9.22
Dai-Ichi Kan 9⅝ 92	150	100⅝	101⅛	−0⅛	−0¼	9.33
Denmark 7⅞ 92	500	93½	94¼	0	−0⅜	9.39
E.E.C. 7 91	100	94⅜	94⅞	0	−0⅛	9.09
E.E.C. 7¼ 93	250	93⅛	93⅝	0	−0¼	9.16
E.E.C. 8 90	350	98⅛	98½	−0⅛	−0⅜	9.11
E.I.B. 7⅝ 93	100	93½	94	−0⅛	−0½	9.21
E.I.B. 9⅜ 97	150	99⅝	100⅛	0	−0⅜	9.38
Elec.De France 9 98	200	96¾	97¼	+0⅛	−0⅝	9.48
Finland 7⅞ 97	200	90½	91	+0⅛	−1	9.54
Finland 7½ 93	200	93⅛	93⅝	0	−0⅜	9.25
Finn.Exp.Cd. 8½ 92	200	97½	98	−0⅛	−0⅜	9.29
Ford Motor Credit 8 91	250	96⅞	97⅜	+0⅛	0	9.38
Gen Elec Credit 10¼ 00	200	100⅛	100⅝	0	−0⅜	10.17
G.M.A.C. 8 89	250	98⅞	99⅜	0	+1¾	0.09
Gen.Mtrs.Corp. 9¼ 92	200	99⅜	99¾	0	0	9.26
Halifax BS 9½ 93	200	†99⅝	100⅛	−0⅛	−0⅜	9.51
IBM Credit Corp. 8⅞ 91	250	99⅛	99⅝	0	0	9.12
Italy 9 90	1000	100	100½	0	+0⅛	8.82
L.T.C.B of Japan 8 91	100	96½	97⅛	−0⅛	−0⅜	9.37
L.T.C.B.of Japan 8 97	200	90⅜	90⅞	−0⅛	−0⅜	9.70
Mercds-Benz Cd. 8½ 95	100	†95	95½	−0⅛	−0⅜	9.52
Metropolis Tokyo 9½ 93	200	100¾	101¼	−0⅛	−0⅞	9.18
Morgan Guaranty Tst. 7 90	150	96⅞	97⅜	−0⅛	+0⅛	9.36
Norway 8¼ 93	500	98⅜	98⅞	−0⅛	−0½	9.13
Pepsico Inc 7⅜ 93	200	†92⅜	92⅞	0	−1⅛	9.44
Portugal 8¼ 91	300	97⅛	97½	−0¼	−0¼	9.57
Prudential Crp. 8¾ 94	125	97½	98	−0⅜	−1	9.26
Qantas Airways 10⅛ 95	140	103⅝	104⅛	0	−0½	9.54
Saskatchewan 10¼ 92	100	103⅝	104⅛	0	−0¼	9.29
State Bk S Aust 9¼ 93	100	99	99½	0	−0⅝	9.45
Swed Exp Cred 7¼ 91	100	†94⅜	94⅞	−0⅛	−0¼	9.32
Swed Exp Cred 10 92	100	†101½	102	−0⅜	−0¼	9.36
Sweden 7 91	250	94⅝	95⅛	−0⅛	−0¼	9.08
Sweden 7 92	250	†93¾	94¼	−0⅛	−0⅜	9.20
Sweden 8¾ 96	200	96½	97	−0⅛	−0⅜	9.36
Sweden 8½ 92	200	†98½	99	0	−0¼	8.88
Victorian Rep 11⅝ 92	150	106⅛	106⅝	0	−0⅜	9.34
World Bank 7 92	300	†94	94½	−0⅛	−0¼	9.13
World Bank 9 97	300	97¾	98¼	+0⅛	−1	9.33
Yasuda Trust Fin 8½ 93	100	96	96½	−0⅛	−0¼	9.55

Average price change... On day 0 on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	101⅝	102⅛	+0¼	−0¼	5.60
Avis Fin.SVS 5⅞ 92	100	†100¼	100¾	−0¼	−0½	5.69
Bank of Tokyo 5¾ 93	100	†101¼	101¾	+0¼	+0¼	5.34
Central BK. Turkey 7 92	200	†104	104½	+0⅛	−0¼	5.74
Commerzbank o/s. 5⅜ 93	300	†100	100½	+0⅛	−0¼	5.30
Degussa Int. 6⅛ 97	200	100¾	101½	0	0	5.95
E.I.B 5½ 98	150	95⅝	96⅛	0	0	6.06
E.I.B 6 97	300	99	99¾	0	−0⅛	6.09
E.I.B. 6⅛ 96	300	100⅜	101¼	+0⅛	0	5.99
E.I.B. 6⅛ 97	400	99⅜	100⅛	−0¼	−0½	6.16
E.I.B. 6⅞ 95	300	104½	105¼	+0⅛	−0⅜	6.00
Euro.Coal& Steel 5⅞ 97	175	98½	99¼	+0⅛	+0⅛	6.05
Eurofima 6¼ 96	100	101	101¾	+0⅛	+0⅜	6.01
Elec De France 5¾ 97	300	98⅝	99⅜	+0¼	+0⅜	5.90
Forsmark Krtg. 5⅛ 93	200	98⅛	98⅞	+0⅛	0	5.52
I.A.D.B. 6 97	200	99⅛	99⅞	0	+0⅛	6.07
Japan Dev. Bk. 5⅜ 95	300	98¼	98⅞	+0¼	0	5.65
Japan Finance 5¾ 97	100	97⅛	97⅞	+0⅛	−0⅛	6.14
Ireland 6½ 97	300	†101	101½	0	0	6.30
Korea Dev BK 6⅝ 93	100	102	102¾	−0⅛	−0¼	6.00
Malaysia 6¼ 94	150	99⅜	100⅛	0	0	6.29
Nat. West BK. PLC 6 98	300	97⅜	98⅛	0	−0¼	6.28
Nippon Telg.&Tel. 6 95	400	101	101½	0	0	6.01
Oesters. Kontbk. 5 93	300	98¾	99½	+0⅛	+0⅛	5.23
Portugal 5¾ 92	150	100⅝	101⅜	0	0	5.44
Portugal 6⅝ 95	150	102⅝	103⅜	0	+0¼	6.06
Privatbanken 5¼ 93	150	97⅞	98⅝	−0⅛	−0½	5.71
Royal Insurance 5½ 92	300	†100⅜	101⅛	−0⅛	−0⅜	5.20
Soc Cent Nuclear 7¼ 95	150	103⅞	104⅝	+0¼	+0⅜	6.43
Turkey 6½ 95	500	97½	98	0	0	6.93
Westlb. Finance 5 93	200	†99	99¼	0	0	5.23
World BK. 6¼ 97	600	100¼	101	+0⅛	−0⅛	6.11

Average price change... On day +0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†101¼	101¾	+0½	−0⅜	4.76
Asfinag 5 03	100	†101¼	102¼	+0¼	+1⅛	4.82
B.F.C.E. 4½ 98	200	†98¼	99	+0¼	+0⅛	4.64
B.M.W.Fin.Neth. 5 13	150	†96¼	97	−0⅛	−0¼	5.25
Britannia B/S. 4⅛ 94	100	†97½	97¾	+0⅛	−0¼	4.74
CIR. Int. W/W 3 93	125	†101¾	102	0	−0⅝	2.57
Credit Lyonnais 4¾ 00	100	†98¼	98½	0	+0¼	4.93
E.I.B 4⅝ 98	150	†99½	99¾	0	0	4.67
Fletcher Chall. 4⅞ 98	150	†96	96½	+0⅛	−0⅞	5.39
Kobe City 4⅝ 98	150	†99	99½	0	−0⅜	4.72
Leeds Perm. B/S. 4⅛ 93	200	†98½	98¾	0	+0⅜	4.47
Malaysia 5¼ 98	100	†98½	99	0	+0⅛	5.42
Maxwell Comm.Crp. 5 95	150	†100¼	101	0	+1	4.84
Nationwide Ang.B/S. 4 93	200	†97¼	97½	+0⅛	+0⅛	4.64
Nippon Telg.&Tel.4½ 95	200	†98¾	99	0	0	4.44
Oesters.Ktbk. 5 03	75	†100	101	−0⅛	0	4.95
Rep.National Bk. 4 93	150	†97	97½	−0⅛	0	4.31
Thailand 4⅝ 95	200	†96¼	96½	0	0	5.28
World Bank 5 03	150	†101½	102	−0⅛	+0⅞	4.83

Average price change... On day +0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅜ 92	55	102⅝	102⅞	0	+0½	4.62
Belgium 4⅝ 94	45	98¾	99	−0⅛	+0⅝	4.86
Canada 4⅜ 92	80	99¼	99½	0	+0⅛	4.56
Elec. De France 5⅛ 94	20	101¼	101⅝	−0⅛	+0½	4.82
Ireland 5⅛ 93	30	100¼	100¾	0	+0⅛	4.99
Norway 5⅛ 95	50	101¼	101½	0	+0¼	4.86
Rep. of Italy 5¾ 92	150	103½	103¾	0	+0½	4.52
Sweden 4⅝ 93	50	99¾	100	0	+0⅛	4.65
World Bank 5½ 92	50	103¾	103⅝	0	+0½	4.48

Average price change... On day 0 on week +0½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat.BS.10¼ 93 £	50	98⅜	98⅞	0	−0¼	10.64
Alg. Bk. Ned. 5½ 92 FL	150	98⅞	99⅜	0	+0¼	5.79
Alg. Bk. Ned. 5¾ 93 FL	200	99¼	99¾	0	+0½	5.87
Amro Bank 6¼ 92 FL	150	100⅞	101½	0	0	5.90
Aust.Ind.Dev. 12⅞ 93A$	100	98⅜	98⅞	−0⅛	−0⅝	13.23
Barc. Bk. 10¼ 97 £	250	97	97½	−0⅛	−0⅜	10.73
BP Capital 9¾ 93 £	100	96⅛	96⅝	−0⅛	−0½	10.79
British Airways 10 98 £	100	94¾	95¼	−0⅛	−0⅝	10.86
Bahrmann-Tet. 6⅜ 93 FL	100	100⅜	101⅛	0	+0⅛	6.14
C.I.B.C.Mort.10¾ 93 C$	100	†99⅞	100⅜	+0⅛	−0⅛	10.68
Comm.Bk.Aust. 12⅝ 93A$	100	97¼	97¾	+0⅛	+0¼	13.37
Coop.Ctr.Rabo.6¼ 93 FL	100	100⅝	101⅛	0	−0⅜	6.00
Coop.Ctr.Rabo.6 92 FL	200	100⅜	100⅞	0	−0⅛	5.79
Denmark 7¾ 92 ECU	100	†103	103½	−0¼	−0¼	6.57
Dixons 11 95 £	90	†97½	98	−0⅛	−0¼	11.57
Deut. Bk.Aust.12¾ 95 A$	70	99½	100⅛	−0⅛	−0⅝	12.74
Eastman Kodak 13 90 A$	100	97¼	97¾	0	0	14.60
E.I.B. 7 96 LFr	100	*97¾	98¼	0	0	7.31
Elec.France 10¼ 95 C$	125	†99¾	100¼	0	−0⅜	10.22
Euratom 7⅜ 97 ECU	145	96¾	97⅜	0	0	7.86
Fed.Bus.Dv.Bk.9¾ 92 C$	75	†98⅛	98⅝	0	−0⅜	10.28
Ford Cr.Can.10¾ 93 C$	100	†100⅜	101⅛	0	−0⅜	10.45
Gillette Can. 9⅝ 93 £	70	94⅜	95	0	0	11.14
G.M.A.C. 9¾ 93 C$	150	†97⅜	97⅞	0	−0⅛	10.41
G.M.A.C. 9¼ 92 C$	75	†95¾	96¼	0	0	10.73
G.M.A.C Aus.Fin.14 90 A$	50	99⅝	100⅛	0	−0¼	13.94
Halifax BS 10⅜ 97 £	100	97⅛	97½	−0¼	−1	10.87
Imp Chem Inds 10 03 £	100	95⅛	95⅝	−0⅛	−0¼	10.62
Inv.Industry Int.10 93 £	60	96⅝	97	0	−0¼	10.97
Lloyds Bank 10¼ 98 £	150	94⅞	95⅜	−0⅛	−0½	11.09
Montreal Tst.10¾ 93 C$	100	†100⅛	100⅝	0	−0⅜	10.61
Nat. West.Bk.13¼ 92 A$	50	†99½	100	+0¼	+0⅛	13.20
Nationwide BS 10⅛ 93 £	75	96⅜	97	0	−0¼	11.10
Ned.Midd.Bank 6 92 FL	150	100	100⅝	0	0	5.90
New Zealand 9½ 93 £	100	94⅞	95⅜	−0⅛	−0⅜	10.90
New Zealand 7¾ 93 ECU	200	100⅝	101⅛	0	0	7.49
Oesters.Ktbk.13⅝ 94 A$	75	101⅝	102⅛	−0¼	0	13.10
Philips Gleoil. 6 93 FL	300	100¼	100¾	0	−0¼	5.87
Prudential Fin.9⅞ 07 £	150	90⅛	90⅝	+0⅛	−0⅜	10.56
Royal Bk.Scot.10⅝ 98 £	125	96⅝	97⅛	−0⅛	−0⅝	11.21
Saskatchewan 9⅞ 91 C$	150	†98⅝	99⅛	0	−0⅜	10.33
S.D.R. 7¾ 95 ECU	90	†99¾	100¼	−0⅛	−0⅛	7.74
World Bank 5¾ 92 FL	100	99⅝	100¼	0	+0⅛	5.78
World Bank 13⅞ 92 A$	100	†100⅞	101⅛	−0⅛	+0½	13.04
Zentrspk. 13¼ 93 A$	75	98¾	99¼	+0⅛	+0⅜	13.51

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bld 94 £	.08	99.79	99.84	21/01	10.99
Belgium 91 US	0	100.20	100.30	21/02	9
Britannia 5 93 £	0⅛	99.97	100.02	10/01	12.12
Chase Manhattan Crp.91 US	0⅛	99.50	99.67	22/02	8.94
Citicorp 98 US	†0¼	97.50	97.75	30/11	8.94
Credit Foncier 98 US	.063	99.78	99.88	20/10	5¼
EEC 3 92 DM	†0	101.11	101.21	22/02	5.63
Halifax BS 94 £	.1	99.97	100.02	8/02	12.29
Invt. In Industry 94 £	0	100.08	100.18	24/02	11.87
Leeds Perm. B/S. 94 £	0⅛	100.04	100.09	13/01	10.44
Midland Bank 01 £	.1	96.00	97.00	11/02	11.41
Milk Mkt.Brd. 5 93 £	0⅛	99.87	99.92	30/12	12.06
New Zealand 5 97 £	.07	100.18	100.28	18/11	11.62
New Zealand 5 01 US	0	99.82	99.92	4/02	8.62
State Bk. Nsw. 98 US	.188	100.40	100.50	13/02	8.87
Woolwich Equit.BS. 93 £	0⅛	99.95	100.00	13/01	12.12
Woolwich 5 95 £	0⅛	99.92	99.97	21/11	11.62

Average price change... On day 0.00 on week −0.05

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	101¼	102⅛	−0⅜	22.04
Alco Health 6¼ 01 US	†7/86	26.25	105	107	–	−2.37
Amer Brands 7¾ 02 US	9/87	56.7	103¾	104⅛	+0½	12.71
Ashikaga Bank 2⅛ 02 US	4/87	967.	151⅝	152⅝	+3⅜	10.79
Asics 5 92 DM	12/83	472.7	195½	197	+0¼	4.70
CBS. Inc. 5 02 US	4/87	200.	92	93	−0¼	8.90
Fujitsu 3 99 US	5/84	1106.	235⅛	236⅛	+3⅞	1.56
Land Secs. 6¾ 02 £	6/87	6.72	96⅞	97⅞	−0⅛	14.40
MCA Inc 5½ 02 US	9/87	69.62	81¼	82¼	−0¼	24.06
Minolta Camera 2¼ 94DM	2/86	1004.	97	98½	+0¼	30.58
Mitsubishi Bk.1¾ 02 US	9/87	3157.	132½	134½	−2¼	2.62
Mitsui Trust 2⅛ 01 US	10/86	1903.	143⅝	144⅝	−0½	−4.35
Next Plc 5¼ 03 £	11/87	4.3	99½	100⅛	−0⅛	160.61
Nisi Nipp.Bk.2⅞ 03 US	4/88	804.	117½	118½	−0½	9.17
Onron Tateisi 2⅜ 02 US	4/87	1310.	184	185½	−6⅞	1.67
Primerica 5½ 02 US	†4/87	66.75	64½	65½	−0¼	55.62
Ranks Hovis 4⅛ 03 £	1/88	3.5	109⅝	110⅝	−0⅛	7.97
Redland 7¼ 02 £	1/87	5.4	91⅛	92⅛	−0⅛	18.69
Saatchi&Stcht 6¾ 03 £	†10/89	4.41	99½	100½	0	24.93
Texas Inst. 2¾ 02 US	9/87	82.87	72	73	+0⅛	67.46
W.R. Grace 6¼ 02 US	9/87	42.12	82¼	83¼	−0¼	34.88

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed recurrency of share at conversion rate fixed at issue. Prem = Percentage premium of the currenteffective price of acquiring shares via the bond over the most recent price of the shares.

SEC chief draws up global blueprint

By Chris Sherwell in Sydney

THE US Securities & Exchange Commission, the regulatory authority for the world's most important securities market, yesterday proposed the first authoritative blueprint for the creation and regulation of a truly global market system.

The move, reflecting the SEC's express belief that it should assume a leadership role in international securities regulation, came in a keynote address by Mr David Ruder, SEC chairman, to the 13th meeting of the International Organisation of Securities Commissions (IOSCO), being held in Melbourne.

It follows 13 months after the share market crash – now called a severe correction – which threw the world's stock exchanges into near-panic and raised serious questions about the rapid growth and interlinking of international equity and debt securities markets.

Mr Ruder declared yesterday that new technology, investor moves into foreign markets and the quest for low-cost capital all meant internationalisation of the securities markets would continue. "The challenge facing regulators is to ensure efficiency and honesty."

At the core of the proposals he unveiled yesterday are three prominent features:

● Efficient structures for the dissemination of information on price and volume, for the routing and execution of orders, and for the clearance, settlement and payment of those transactions. This would also include consistent international standards of capital adequacy for securities firms.

● Sound disclosure systems to protect investors, including mutually agreed accounting principles, auditing standards, auditor independence standards, registration and prospectus provisions and listing standards. The goal should be to minimise regulatory impediments without compromising investor protection.

● Fair and honest markets, achieved through regulation of abusive sales practices, a prohibition against fraudulent and manipulative conduct, and high levels of co-operation in enforcement. Insider trading, market manipulation and misrepresentations to the market would be outlawed.

The SEC says that these objectives can be achieved only through close co-ordination between securities regulators in each country. But it also adds that they should be "sensitive" to cultural differences and concerns over national sovereignty.

"As regulators seek to minimise differences between systems," the SEC says, "the goal of investor protection should be balanced with the need to be responsive to the realities of each marketplace."

Although it says "some progress" has already been made, through organisations like IOSCO, towards the goal of reaching common understandings, it bluntly acknowledges that "the tasks ahead are complex."

Its policy statement, the SEC adds, is "intended to stimulate thought in a rapidly developing regulatory area, and should be regarded as subject to revision." It welcomes comments from "all interested persons."

● The Chicago Mercantile Exchange's Globex after-hours trading system is a positive development for world securities markets, Mr Ruder told a news conference.

Globex, due to start in 1989, will allow the trading of financial futures contracts outside regular market hours on Reuter dealing terminals.

Mr Ruder said he had seen the system in New York and regarded it as an innovative move within the limits the Chicago Mercantile Exchange had set on it being an after-hours system.

"There are some restrictions which the CME has put on the system which probably would not be ideal in terms of a total real global system," Mr Ruder said. "It's an after-hours system as I understand it, so we're not talking about a during-hours international system."

NZ electricity bond tender

A TENDER offer of NZ$100m of November 1993 bonds by the Electricity Corporation of New Zealand yielded a weighted average 14.16 per cent, ECNZ said yesterday, Reuter reports.

This compares with 13.77 per cent in the previous tender of the bonds last month. The bonds have a 10 per cent coupon.

Bids totalled NZ$187m, ranging between 14.14 per cent and 14.16 per cent. ECNZ is a state-owned corporation which generates most of New Zealand's power.

Chicago struggles towards margin reform

Deborah Hargreaves on the regulatory pressures facing the US futures industry

The US futures industry has made a valiant effort to placate those baying for margin changes in the arcane and, at times, bitter debate on market reform that has enveloped the industry since October 1987's crash.

But margin reform is an issue that has refused to die, and threatens to return even stronger than ever as Congress next year struggles with the reauthorisation of both the securities and futures industry regulators.

Mr David Ruder, head of the Securities & Exchange Commission, has recently been plugging his well-worn opinion that futures margins should be raised to a level closer to stock margins. Responsiblity should then be assigned to a single regulator to oversee both sets of margin levels, he argues.

Mr Ruder's view is at odds with that expressed by futures industry heads, who point to the different functions of margins in the two market places and suggest that what is really needed is a change of name.

Generally speaking, futures margins are "performance bonds," which means they are good faith deposits of a small percentage of the value of a futures contract. The futures market is a zero-sum game and positions pay and collect cash on a daily basis.

In the stock market, the physical transfer of an asset requires a 50 per cent margin – or down-payment. However, this credit system can vary widely for different market players – institutions, for example, rarely buy stock on margin.

The rules are further complicated in their application to options, which trade very closely with futures, but are regulated like securities. An options premium must be paid up front and in full.

The disparity between the systems has had the spotlight of post-crash rhetoric shone strongly on it. Feeling the heat, futures exchanges substantially raised their margins in the aftermath of the crash. However, many have since been quietly reduced.

The Commodity Futures Trading Commission, the futures regulatory body, recently explained that several exchange officials had privately expressed concern about the lowering of margins, but felt pressured by competition in the market.

At the Chicago Mercantile Exchange, the initial margin requirement on its Standard & Poor's 500 stock index futures contract was lowered in September to $4,000 per contract for hedge users. This is one-third of the level introduced shortly after the crash and less than 5 per cent the contract value, but exchange officials point to today's lower volatility as a reason for the move.

At the same time, the futures industry has been working on modifying its margins in an attempt to increase the efficiency of its system. Two significant proposals that are currently awaiting approval from Federal regulators would help break potential "gridlock" in the market of the sort that was such a concern last October 19.

A recent agreement between the Chicago Mercantile Exchange and the Options Clearing Corporation would provide an important link-up between futures and securities regulation by allowing cross-margining of proprietary futures and options accounts.

In addition, the Chicago Board of Trade has applied to extend futures-style margining to its agricultural options contracts with plans that would eventually embrace its complete options complex.

These proposals are a sign of

David Ruder: plan to raise futures margins

the increased spirit of co-ordination that reigns in the markets and mark attempts by the futures exchanges to respond to some of the issues raised in the round of reports on the crash.

Although cross-margining confronts a range of legal considerations, it is intended to improve access to the stock index futures and options markets by making the financing of inter-market positions more cost-effective.

Cross-margining works by allowing the calculation of a single margin amount for a hedged position. This would involve the two sides of the hedge being carried in separate markets, such as the CME's S&P 500 futures and the Chicago Board Options Exchange's S&P 100 option – both of which are cleared by separate bodies.

However, cross-margining proposals have to be considered very carefully, the CFTC cautions. Rather than adding liquidity to the market, as many critics called for after the crash, cross-margining would actually eliminate a considerable amount of money in the system.

The CFTC has yet to closely examine the CME's proposal, but cautions that the theories behind cross-margining have to be very carefully worked out before it can be applied. Nevertheless, the CME believes it will have its system up and running by next spring.

If cross-margining had been in place last October, it would have reduced the necessary cash-flow through the system – and hence the potential for gridlock – by 17 per cent. But more significantly, claims the Chicago Board of Trade, futures-style margining for options would have cut the flow by 83 per cent.

"It is vital that the industry address futures-style margining of options as that was the largest percentage of money needed in the market debacle," Mr Karsten Mahlmann, CBOT chairman, said recently. For its part, the CBOT has applied to move its agricultural options on to futures margins.

The introduction of this complex procedure would substantially free up funds within the system, the CBOT says. Rather than having to pay the full premium for an option, market players would pay a margin – or a percentage of the premium price. Margin would be required daily and levels would be altered in line with market volatility.

The proposal would be most significant in futures and options spreads. Until now, market participants have been unable to use funds from a winning options position to pay thedaily margin on a losing futures position, without liquidating the options position entirely. This had caused many cash flow problems on October 19 1987 the exchange stresses.

Under futures-style margining, the money in options could be freed to offset any losses in futures.

While both of these complex margin proposals would cut down the amount of money running through the futures system, they would make the available funds work much more efficiently, futures exchanges argue.

But their labyrinthine workings are likely to take a while to work out and regulators could take some time poring over the finer points of both propositions.

Although Mr Ruder at the SEC maintains that margin reform is not at the top of his agenda, margins are bound to be dragged into the debate surrounding Congress's re-examination of the roles of both Federal regulators next year. In spite of its vocal defence, the futures industry could still face an attack on its margins.

Norwegians propose to set up venture capital group

By Karen Fossli in Oslo

THE NORWEGIAN ad hoc group appointed by the Government last month to identify measures to encourage the supply of venture capital to Norwegian companies yesterday published its first report.

The suggestions in the report include:

- Establishing a joint 49 per cent state/51 per cent private venture capital company with initial capital of NKr600m ($91m), increasing to a maximum of NKr1.8bn.
- Tax write-offs of up to 30 per cent on investments in shares which are a part of savings (the ratio is currently 25 per cent).
- Abolishing the 1 per cent turnover tax on equity dealings (comprising 0.5 per cent for the seller and 0.5 per cent for the buyer) by the new year or, alternatively, halving the turnover tax rate.

The report also suggests that the venture capital company invest in new, strong-growth potential companies in sectors which compete with foreign suppliers.

It recommends that the company be introduced on to the Oslo Stock Exchange as soon as possible.

However, the Government has been severely criticised by the private sector about the formation of the ad hoc committee, which has only one private sector representative among its 10 members.

Established private venture capital companies, which do not have the benefit of state support, fear that the new company will undermine their ability to raise future risk capital.

Bourse officals say that although they would welcome the ending of the turnover tax, the Government could go further by abolishing taxes on share profits.

The group will present its second report on March 15 next year.

US Treasuries plunge on signs of robust growth

By Janet Bush in New York and Norma Cohen in London

US TREASURY bonds plunged again yesterday in response to figures which provided more evidence of robust economic growth last month.

However, losses were limited as traders maintained neutral positions ahead of today's US trade figures for September, regarded as crucial in determining the short-term performance of the dollar. Trading in the bond and currency markets was quiet.

At the New York midsession yesterday, bond prices were quoted ¼ point lower in short-dated maturities while long-dated issues were generally around 7/16 point lower. The 30-year benchmark issue did slightly better than other issues with similar maturities, falling ¼ point to yield 9.025 per cent.

The bond market has not only been weakened by concerns about a sliding dollar, continued robustness in the economy and the uncertainties associated with a new administration. It has also faced more considerable supply pressures than for some time with the quarterly refunding last week, the sale of 30-year bonds and one-year bills tomorrow and the announcement expected today of sales of two-year and five-year notes.

This could threaten some indigestion, particularly as the fundamentals are not favourable.

Yesterday, bonds were undermined by news of a 0.9 per cent jump in US retail sales in October as well as a revision in September's decline from 0.4 per cent to 0.3 per cent.

US industrial production for October, also released yesterday, rose 0.4 per cent, in line with expectations, but there were also upward revisions for the previous two months.

Overall, figures so far released suggest that the fourth quarter started off with healthy economic growth. Some economists believe a very subtle tightening has already been undertaken.

While it has been difficult to read the Fed's position because the Fed Funds rate has been unusally volatile, economists at Drexel Burnham Lambert note that it does seem that the Fed has been more tolerant of a rise in Funds to 8¾ per cent, having protested that level quite strongly in the last few weeks.

GOVERNMENT BONDS

UK GOVERNMENT bonds gave up more ground in light, dull trading, with the Bank of England described as the sole retail buyer in the market. Gilts closed 1/16 to 3/16 lower, hurt partly by the drop in US Treasury bond prices and partly by the latest economic data out of the UK.

The unexpectedly sharp rise in UK retail sales reported on Monday continued to weigh on sentiment, particularly since the thrust of the Treasury's tight money policy is aimed at curbing just that sector of the economy.

Dealers said that the price declines appeared largely driven by activity in futures pits, although the release of US trade data later today is awaited with some trepidation.

The Bank of England was seen purchasing several small lots of stock, with prices, as usual, slightly below those charged to retail customers.

THE NORWEGIAN Government's fight to defend its currency sent interest rates among money market securities soaring. The central bank apparently endorsed the rise by allowing the rate on overnight funds to banks rise to 21⅛ per cent from about 13½ per cent the day before. The central bank typically intervenes when it disapproves of a rate increase. Money market instruments with maturities of up to five years were affected, although the most visible rises were in maturities of one year and under, where foreign investors are allowed to participate.

Norwegian government bonds have been largely unaffected by the dramatic increase in short-term rates over the past few days, partly because the market is quite illiquid. Also, foreign investors are barred from participation.

However, dealers also said that bankers view the rise in rates as a temporary phenomenon that the central bank wants to continue only long enough to support the krone. A long-term rise in bank rates would undermine the nation's banks, most of which are facing big losses this year.

DANISH GOVERNMENT bond markets recovered most of Monday's losses, closing ¼ to ⅜ firmer in light trading. Dealers blamed the sharp price drop on Monday on a negative assessment of Denmark's economy which appeared in a West German newspaper and predicted a growing trade deficit, higher inflation and rising unemployment.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	109-22	-6/32	10.37	10.29	10.08
		8.750	9/97	93-22	-10/32	9.84	9.68	9.67
		9.000	10/08	99-02	-10/32	9 10	9 03	9.06
US TREASURY*		9.250	8/98	101-25	-7/32	8.97	8 88	8.75
		9.125	5/18	100-29	-11/32	9 04	8.94	8.86
JAPAN	No 105	5.000	12/97	102.7646	+0.164	4.57	4.72	4.74
	No 2	5.700	3/07	107.7820	-0.262	4.90	5.01	5.04
GERMANY		6.500	5/98	102.8500	+0 175	6.37	6.38	6 43
FRANCE	BTAN	9.000	7/93	97.7618	+0.096	8.56	8.43	8 48
	OAT	8 500	6/97	103.9250	+0.075	8.85	8.69	8.74
CANADA*		9.500	10/98	96.6250	+0.375	10.04	10.00	9.76
NETHERLANDS		6.500	7/98	101.2250	+0.050	6.36	6.33	6.26
AUSTRALIA		12.500	1/98	103.1348	+0.280	11.92	11.90	11.93

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Tuesday November 15 1988: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Mon Nov 14: Index No.	Fri Nov 11: Index No.	Thu Nov 10: Index No.	Year ago (approx): Index No.
1 CAPITAL GOODS (210)	806.24	+0.5	10.89	4.20	11.35	23.79	802.12	808.52	818.42	669.47
2 Building Materials (28)	1012.98	+0.2	12.31	4.42	10.00	28.90	1010.79	1017.28	1034.08	886.96
3 Contracting, Construction (38)	1557.08	+0.3	12.39	3.90	10.52	45.10	1552.01	1572.70	1585.61	1241.64
4 Electricals (12)	2353.65	......	8.82	4.62	13.80	76.55	2353.71	2365.91	2384.11	1886.61
5 Electronics (30)	1733.35	+0.8	10.31	3.61	12.55	43.21	1719.97	1728.17	1744.83	1462.41
6 Mechanical Engineering (56)	426.40	+0.6	10.50	4.22	11.67	13.34	423.87	426.68	431.76	326.73
8 Metals and Metal Forming (7)	505.51	+0.2	9.62	3.80	12.85	13.09	504.47	512.82	515.68	388.91
9 Motors (16)	278.78	+0.6	12.07	4.83	9.59	9.80	277.21	281.08	285.04	246.20
10 Other Industrial Materials (23)	1347.69	+0.8	9.83	4.55	12.82	44.07	1337.58	1348.85	1370.08	1158.54
21 CONSUMER GROUP (186)	1053.54	+0.6	9.58	3.83	13.13	25.83	1047.51	1056.59	1071.08	971.32
22 Brewers and Distillers (21)	1129.47	+0.1	10.45	3.65	12.87	23.01	1127.94	1130.59	1147.26	988.29
25 Food Manufacturing (21)	950.81	+0.3	9.27	3.99	13.64	22.16	948.19	960.55	969.49	776.68
26 Food Retailing (16)	1820.13	+1.4	9.66	3.75	13.66	43.14	1795.54	1812.50	1849.99	1976.53
27 Health and Household (12)	1817.21	+0.5	7.33	2.74	15.72	36.08	1808.33	1839.10	1863.43	1691.59
29 Leisure (30)	1407.76	+0.7	8.47	3.66	15.12	33.98	1398.02	1402.27	1424.27	1034.61
31 Packaging & Paper (17)	539.27	+0.5	10.42	4.16	11.94	15.75	536.59	545.69	553.59	457.37
32 Publishing & Printing (19)	3409.99	+0.5	8.77	4.21	14.22	104.19	3392.94	3402.60	3458.38	3120.05
34 Stores (34)	730.17	+0.8	11.51	4.63	11.44	21.82	724.02	727.98	736.67	826.11
35 Textiles (16)	502.16	+0.5	13.86	5.53	8.48	16.19	499.52	505.27	507.07	567.37
40 OTHER GROUPS (92)	897.16	+0.3	11.26	4.51	10.82	23.27	894.62	900.11	906.76	885.94
41 Agencies (19)	1064.99	+0.1	8.27	2.61	15.21	20.72	1063.81	1077.21	1087.40	953.32
42 Chemicals (22)	1036.79	+0.6	12.30	5.08	9.76	37.98	1030.46	1040.46	1054.17	970.04
43 Conglomerates (12)	1241.12	+0.3	10.58	4.59	10.82	25.26	1237.18	1248.41	1255.09	1072.42
45 Shipping and Transport (12)	1936.80	+0.2	11.60	4.75	11.28	50.63	1932.74	1942.37	1951.12	1644.55
47 Telephone Networks (2)	973.09	+0.1	11.41	4.57	11.37	20.38	972.06	971.55	975.82	870.53
48 Miscellaneous (25)	1201.94	+0.3	11.85	4.54	9.61	38.27	1198.13	1207.56	1217.99	1120.16
49 INDUSTRIAL GROUP (488)	961.32	+0.5	10.39	4.12	11.93	25.28	956.73	964.18	975.37	856.12
51 Oil & Gas (12)	1722.14	......	10.93	6.46	11.72	76.79	1723.02	1720.61	1750.50	1620.15
59 500 SHARE INDEX (500)	1026.11	+0.4	10.46	4.43	11.90	29.60	1021.95	1028.63	1041.37	920.90
61 FINANCIAL GROUP (123)	682.85	+0.6	–	5.24	–	24.76	679.85	680.69	688.16	605.00
62 Banks (8)	663.84	+0.4	21.14	6.67	6.34	31.13	661.37	657.71	666.37	615.27
65 Insurance (Life) (8)	952.72	+0.6	–	5.57	–	39.81	947.19	951.76	968.50	912.23
66 Insurance (Composite) (7)	517.46	+1.3	–	6.04	–	24.04	510.88	512.80	518.87	471.52
67 Insurance (Brokers) (7)	909.53	+0.7	9.81	7.10	12.80	45.06	902.76	907.61	937.67	773.55
68 Merchant Banks (11)	341.04	-0.3	–	4.31	–	9.28	342.11	345.27	348.31	330.13
69 Property (51)	1242.48	+0.6	5.53	2.67	23.13	19.32	1234.47	1239.81	1242.92	913.73
70 Other Financial (31)	360.12	+0.1	10.27	5.54	12.24	13.04	359.84	365.65	369.39	374.54
71 Investment Trusts (77)	928.43	+0.6	–	3.16	–	18.15	923.20	933.40	938.67	788.12
81 Mining Finance (2)	573.40	+0.7	10.66	3.65	10.45	15.67	569.45	566.50	570.48	383.50
91 Overseas Traders (8)	1383.77	+0.1	8.61	4.58	13.47	44.98	1382.31	1400.45	1425.90	856.26
99 ALL-SHARE INDEX (710)	941.97	+0.4	–	4.51	–	27.96	937.87	943.42	954.67	835.48

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Nov 14	Nov 11	Nov 10	Nov 9	Nov 8	Year ago
FT-SE 100 SHARE INDEX ♦	1802.3	+8.0	1805.1	1798.5	1794.3	1802.7	1826.2	1825.7	1840.6	1660.1

FIXED INTEREST

	PRICE INDICES	Tue Nov 15	Day's change %	Mon Nov 14	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	119.37	–0.13	119.52	–	10.20
2	5-15 years	136.49	–0.27	136.85	–	11.64
3	Over 15 years	147.49	–0.30	147.93	–	13.10
4	Irredeemables	169.31	–0.02	169.34	–	13.30
5	All stocks	133.61	–0.23	133.92	–	11.43
	Index-Linked					
6	5 years	130.72	......	130.72	–	1.81
7	Over 5 years	128.34	–0.08	128.45	–	2.96
8	All stocks	128.32	–0.08	128.41	–	2.85
9	Debentures & Loans	118.41	+0.03	118.37	–	10.53
10	Preference	87.13	+0.02	87.12	–	6.03

	AVERAGE GROSS REDEMPTION YIELDS		Tue Nov 15	Mon Nov 14	Year ago (approx.)
	British Government				
1	Low	5 years	9.87	9.80	8.33
2	Coupons	15 years	9.35	9.31	9.05
3		25 years	9.00	8.97	8.93
4	Medium	5 years	10.25	10.19	8.97
5	Coupons	15 years	9.58	9.54	9.21
6		25 years	9.24	9.21	9.16
7	High	5 years	10.39	10.32	9.00
8	Coupons	15 years	9.70	9.66	9.34
9		25 years	9.28	9.25	9.16
10	Irredeemables†		8.91	8.91	8.77
	Index-Linked				
11	Inflation rate 5%	5yrs.	2.88	2.87	2.53
12	Inflation rate 5%	Over 5 yrs.	3.60	3.59	3.93
13	Inflation rate 10%	5 yrs.	1.80	1.79	2.76
14	Inflation rate 10%	Over 5 yrs.	3.44	3.43	3.97
15	Debs &	5 years	11.13	11.15	10.61
16	Loans	15 years	10.92	10.93	10.59
17		25 years	10.70	10.70	10.59
18	Preference†		10.26	10.26	10.69

♦Opening index 1804.6; 10 am 1798.6; 11 am 1801.7; Noon 1804.7; 1 pm 1803.6; 2 pm 1802.5; 3 pm 1803.2; 3.30 pm 1803.2; 4 pm 1804.8 (a) 4.04 pm (b) 10.04am. † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 34p. CONSTITUENT CHANGES: Hall(Matthew) (6) has been deleted and replaced by Northamber (5).

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	103	6
Corporations, Dominion and Foreign Bonds	0	15	36
Industrials	502	263	810
Financial and Properties	225	83	359
Oils	30	24	51
Plantations	2	0	11
Mines	35	47	107
Others	48	98	99
Totals	844	633	1,479

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
360	Nil	15/11	47pm	35pm	Anglia Secure Homes 10p	37pm	
30	Nil	-	2½pm	1pm	Bennett & Fountain Grp 5p	1pm	
99	Nil	-	25pm	17pm	Howden Group	23pm	-½
255	Nil	-	48pm	35½pm	Polly Peck Int'l. 10p	35½pm	-5½
36	Nil	9/12	13pm	8pm	‡Regina Health & Beauty 2p	8pm	-1
╞32	Nil	-	9pm	8pm	Ryan Hotels Ir.5p	8pm	-1
35	Nil	-	6pm	¼pm	West Trust 2½p	1pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¥ Issued by tender. § Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ‡ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

- First Dealings Nov 7
- Last Dealings Nov 18
- Last Declarations Feb 9
- For settlement Feb 20

For rate indications see end of London Share Service

Calls in Tubular Exhib, Readycut, Buckley's Brewery, Enterprise Oil, Norfolk Cap, Dares Est, Hambros Countrywide, Wembley, Explaura, Synapse Comp. Services, Tyndall Hldge, Geers Gross, Bassett Foods, Blue Arrow.

LONDON TRADED OPTIONS

UK COMPANY NEWS

Unigate recovers to £43.8m but remains cautious on second half

By Vanessa Houlder

AFTER A period of mixed fortunes, Unigate, food, dairy and distribution group, yesterday announced a 9 per cent rise in pre-tax profits to £43.8m for the six months to October 1. Turnover increased from £1.08bn to £1.11bn.

Mr John Clement, chairman, said the results were particularly encouraging after the difficulties experienced last year. For the year to March 31, pre-tax profits fell from £104.7m to £94m.

However, he warned that he did not see the same level of progress in the second half, as a result of short-term difficulties in the poultry market and the impact of higher interest rates.

Operating profits of the food division fell from £33.4m to £31.5m, a downturn countered by a rise in the distribution activities from £11.2m to £13.8m. The results also benefited from £4.3m (£0.9m) of property profits, which contributed to a rise in profits of other activities from £1.1m to £3.7m.

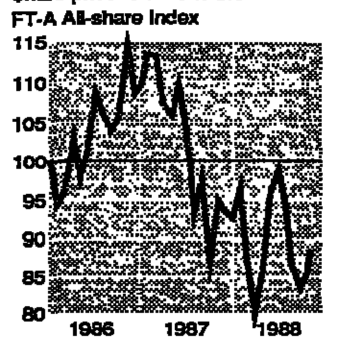
The worst performer within the food division was Unigate Dairies which saw operating profits fall from £13.8m to £10.6m.

The downturn was due to a £2m rationalisation cost from the closure of a depot, together with a continued shift away from doorstep sales. Mr Clement said that although volumes of milk sales were expected to continue to decline, the company aimed to maintain its profits through greater efficiency and alternative distribution methods.

The US food business also posted a decline in profits from £6m to £5.9m. This resulted from greatly reduced profits from the Taco Bueno fast food chain which suffered from competition and the depressed economy of the south west. However, the Black Eyed Pea restaurants performed well and the US cheese companies made a good start to the year.

Unigate

Share price relative to the FT-A All-share Index



The UK food businesses posted a rise in operating profits from £13.6m to £15m. There were good results from St Ivels Fresh foods with a 42 per cent rise in operating profit. Oldacre and Malton Bacon Factory also had encouraging results.

However the cyclical downturn in the poultry industry adversely affected Farm Foods' results, which saw operating profits fall from £3.3m to £0.4m. The division was also affected by the £2m start-up costs of its new Humberside facility which came on stream six weeks ago.

In the distribution services division, Wincanton increased profits by 18 per cent with Arlington benefiting from a buoyant vehicle sales and servicing market.

Giltspur put in a strong sales performance in the US although this was partly offset by a lack of major contract work in Marler Haley. Overall, its profits increased by 53 per cent to £2.6m (£1.7m).

Finance charges rose from £6.7m to £7.2m with net debt at the half year stage of £174.2m (£177.9m). There was an extraordinary charge of £1m resulting from the sale of two food businesses.

Earnings per share rose from 11.7p to 12.7p. The interim dividend is increased by 7 per cent from 4.95p to 5.3p.

See Lex

Property profits help Meyer rise to £41.8m

By Philip Coggan

MEYER INTERNATIONAL, the timber and builders' merchant which recently made an unsuccessful bid for Travis & Arnold, yesterday revealed a 33 per cent increase in interim pre-tax profits from £31.34m to £41.8m in the six months to September 30.

The profits figure included an £8.2m surplus from the sale of property, compared with £6.8m in the same period last year. Mr Oscar DeVille, chairman, said he foresaw further substantial property profits in the near future.

Mr DeVille said the group was still considering what to do with its 37 per cent stake in Travis & Arnold. Sandell Perkins won the bid battle, and Meyer will have a 21 per cent holding in the combined Travis Perkins. It is open to Meyer to consolidate Travis Perkins into its accounts, which would not result in any significant earnings dilution.

The interim figures reflected a strong performance from the merchanting division, which includes the Jewson chain, and which increased profits from £12.95m to £18m.

Forest products also increased profits from £9.02m to £9.95m. Timber prices were fairly stable, said Mr Deville, and the company no longer carried the high stocks of earlier years.

Manufacturing increased profits from £3.4m to £4.19m. The Australian division put in £534,000 (£299,000) and a first-time contribution from the Netherlands, for three months, came to £1.35m.

Trading profits were £34.5m (£25.6m) on turnover of £443.1m (£351.8m). After tax of £14.36m (£9.95m), earnings per share were 28.2p (22p). The interim dividend is being increased to 4p (2.4p) to reduce disparity.

● COMMENT

It may not have won the day at Travis & Arnold, but the publicity did highlight how well Meyer is performing, particularly the Jewson division. Further profits should come as margins improve in the Netherlands and Australia. Meyer may even get partial revenge as some investors may switch from Travis Perkins into more attractive looking Meyer shares. Assuming pre-tax profits of £83m, including property, for the full year, the shares are on an undemanding prospective p/e of just over 7 at 407½p. In the long run, the stake in Travis Perkins may prove a headache – a bid would be unlikely to succeed given the shares held by the combined board's supporters and for that reason Meyer may find it difficult to sell the holding at a profit.

Allied Textile withdraws £21m agreed offer for Hugh Mackay

By Alice Rawsthorn

ALLIED TEXTILE Companies, the wool textile group, has withdrawn its £21m agreed offer for the Hugh Mackay carpet company only a few weeks after breaking off bid discussions with the Illingworth Morris textile concern.

Mackay's shares, which had been suspended for most of the day, crashed by 58p in late trading to 290p.

Three weeks ago Allied announced that it had reached agreement with the Mackay board to mount a bid. Allied has supplied carpet yarn to Mackay since the 1960s and is a long standing shareholder in the company. Earlier this year it increased its holding in Mackay to 29 per cent.

Yesterday morning Allied announced that it was withdrawing the original offer having examined the "detailed trading information" supplied by Mackay. The two companies continued to discuss the possibility of an alternative offer. But late yesterday afternoon Allied issued a second statement saying that it had terminated discussions with Mackay.

Allied withdrew its offer under a condition of the agreement referring to its right to withdraw should "material adverse changes" affect the trading position or prospects of the Mackay group.

Mackay, which is based in Durham, is best known for the contract carpets that it makes for pubs, shops, hotels and even for the Queen. The contract carpet market has boomed in recent years and Mackay made pre-tax profits of £1.7m on sales of £26m in 1987.

The Mackay board issued a statement expressing confidence in its "original expectations" for its consumer carpets in 1989 and in its "planned sales" for contract carpets.

Allied said yesterday that it had "no present intention" of disposing of its shareholding in Mackay. The two companies affirmed their commitment to their "strong trading relationship."

Earlier this autumn Allied entered into bid discussions with Illingworth Morris, another Yorkshire group with extensive interests in wool textiles. The discussions were terminated in early October reputedly because of a disagreement over price.

Avdel defence document attacks Banner gearing and 'unrealistic' offer

By Philip Coggan

AVDEL, the former Newman Industries, has issued its defence document against the £102m bid from the US-based Banner Industries. Banner is making a cash bid through its UK subsidiary Rexnord Holdings.

The document carries a front page flag "Warning: Banner's gearing could seriously damage Avdel's health" and inside Avdel argues that a merged Banner/Avdel would be so highly geared as to threaten future investment in the Avdel bsuinesses. If intangible assets are deducted, Avdel says a merged group would have a negative net worth of $175m (£97m).

Avdel also argues that its sophisticated industrial fastening business is quite different from Banner's, which is heavily dependent on the US aerospace industry.

In addition, Avdel says the Banner 80p per share cash offer is "wholly unrealistic" and says that capital gains tax would reduce that offer to 53p per share, for those who invested in 1983.

Avdel also says that its previous merger discussions with Banner were extremely limited. "They talked to us, rather than the other way round" said Mr John Marley, Avdel's chief executive.

For Banner, Mr Bill Kershaw, the managing director of the Rexnord European operations, said that the Avdel figures on gearing had failed to take account of either the long term nature of Banner's debt or the planned disposal programme.

Banner has an option over Suter's 27 per cent stake in Avdel. It owns outright a further 1 per cent.

Sothebys expected loss comes to $6.2m

By Vanessa Houlder

SOTHEBYS HOLDINGS, the international auction house which was simultaneously floated on the New York and London stock markets in May, yesterday announced, as expected, third quarter losses of $6.2m (£3.4m).

Mr Michael Ainslie, president and chief executive, said that July, August and September were the off-season for international art auction houses, which saw most profits come from the second and fourth quarters.

The third quarter loss, which compared with a loss of $5.1m last year, brought net income for the nine-month period to September 30 to $30.4m ($23.7m) on operating revenues of $206.3m ($180.3m).

The outlook for the fourth quarter was strong, Mr Ainslie said.

Sales to November 12 were up by 29 per cent as a result of last week's highly successful sales in New York of Impressionist, Modern and Contemporary Art, which brought in more than $280m.

A dividend of $0.0625 has been declared for the quarter.

Thorpac to proceed with two purchases

Thorpac Group, freezer bag and cookware distributor, has decided to proceed with the acquisition of two companies and pull out of the purchase of another following several months of deliberations.

The company will acquire MFP, manufacturer of a foamed PVC product for £2.5m.

And it will buy Coppice, manufacturer of aluminium foil trays and containers, for an initial consideration of £3.6m.

The purchase of JTS, a bar supplier, will not proceed after being postponed last July.

Thorpac also announced a loss for the six months to September 30 of £67,000, compared with a £72,000 pre-tax profit.

Directors have declared an unchanged dividend of 0.333p.

To cover the cost of the acquisition the company is raising £3m by the issue of 1.5m convertible preference shares and 3.8m ordinary shares.

Lilley blossoms to top £3m

By Clare Pearson

FJC LILLEY, the resuscitated Glasgow-based construction group, pushed pre-tax profits up from £624,000 to £3.01m in the six months to end-July and declared its first dividend since plunging deeply into losses two years ago.

The company, where Mr Bob Rankin took over as chief executive when £27.4m in new equity was injected in July, further signalled its recovery by announcing it had arranged a £30m borrowing facility on what it said were normal, unsecured terms.

After an £11.52m extraordinary charge at the full-year stage, there were no further provisions for the costs of disengaging from the US tunnelling operations.

Mr Lewis Robertson, chairman, said he now looked forward to garnering a "seven figure number" over the next few years in US claims.

There was a £275,000 exceptional charge for the early resignation as chief executive of Mr Joe Barber, a management consultant.

Net interest payable fell to £442,000 (£1.94m). After a nil tax charge (£551,000), earnings per share worked through at 3.76p (0.09p). A capital restructuring allows the payment of an interim dividend of 0.5p.

Mr Robertson said order intake in the UK was a third up on the corresponding period. The UK provided £3.55m (£2.16m) on turnover of £98.48m (£85.82m).

On turnover of £10.1m (£10.67m), international construction provided £142,000, down from £508,000 last time, a fall ascribed to timing of payments.

Mr Robertson said the Eastern Harbour Tunnel contract in Hong Kong, in which Lilley is associated with Japan's Kumagai Gumi, was about six months ahead of schedule. It will be completed next year.

Lilley is changing to calendar year-reporting; the current financial year will cover the 11 months to December 31.

● COMMENT

Lilley has emerged from its recovery phase; now it is in the uncomfortable position of being a smallish company which is going to have to make some inspired moves to attract much attention. With Mr Rankin and Mr Martin Knight, formerly of Morgan Grenfell's project finance department, at the helm, with the UK construction companies apparently once more enjoying the confidence of their customers, and with the link with Kumagai Gumi underpinning the international side, it looks reasonably placed. But immediate plans to expand its North country housebuilding activities do not sound very exciting. In 1989 the company might make £13m, but will also have to start paying tax again. Assuming it makes £8m in the current year, the shares stand on a prospective multiple of over 7, and are likely to be quiet.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
AAH Holdings ....int	4†	Mar 24	3.6	–	10.224
Alphameric ....int	1†	Feb 15	1	-	3.5
British Airways ....int	2.5	–	2.25	–	6.9
Control Tech ....fin	3†	-	2.5	4.5	3.75
De La Rue ....int	3.25	Jan 4	3.25	-	13.25
F & C Eurotrust ....fin	2	-	2.35☆	2	2.35☆
Gaynor Group § ....fin	1.8	Feb 24	1.67	3	2.67
Granyte Surface§ ....int	1.1	Jan 5	1	-	3
Gt Portland Ests ....int	3†	-	2.75	-	8.1
Hatfield Ests § ....fin	3	Feb 3	-	3	-
Just Rubber § ....int	0.8	Jan 6	0.7	-	2.115
Lilley (FJC) ....int	0.5	Jan 6	nil	–	nil
LIG ....int	2.35	Apr 6	2.05	-	6.3
Ldn Entertain ....fin	3	-	2.68	3	2.68
Meyer Intl ....int	4♠	-	2.4	-	9.5
Normans Group ....int	1.05	Mar 1	0.933*	-	1.956*
Raine Industries ....fin	2	-	1	3†	1.4
Southnews § ....int	1.6	Jan 16	-	-	-
Thames TV ....int	4.75	-	4.4	-	13.2
Tomkinsons ....fin	7.5	–	5	10.5	7
Trimoco ....int	0.6	Jan 30	0.4	–	1.219‡
Unigate ....int	5.3	Jan 9	4.95	-	12.65
Wade Potteries ....fin	3.5	Jan 5	3	5	4.35
Wardle Storeys ....fin	8.675	Jan 12	6.5	12	9

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ‡Includes special payment of 0.219. ☆For 15 months. ♠ Interim increased to reduce disparity.

B&C raises £23.5m in leasing sale

By Clay Harris

BRITISH & Commonwealth Holdings, financial services group, is to sell Milestone Leasing for £23.5m in shares to Woodchester Investments, Irish-based leasing company.

The deal will raise B&C's stake in Woodchester from 56 to 61.6 per cent. It also completes B&C's withdrawal from directly-owned leasing activities, apart from those contained in Atlantic Computers.

Milestone is engaged primarily in the leasing of business equipment, with a current portfolio of £114m.

Since B&C bought its controlling stake in August 1986, Woodchester has embarked on an ambitious acquisition programme, and was now looking for its first acquisitions in continental Europe.

After the Milestone deal, Woodchester will rely on leasing and instalment credit each for about 35 per cent of profits, and the rest from other financial services.

Before completion B&C is to subscribe £10m of new equity capital in Milestone, and convert £10m subordinated loan stock into equity.

Bond raises its stake in Lonrho to 21%

Bond Corporation, headed by Australian entrepreneur Mr Alan Bond, has increased its holding in Lonrho, the London-based multi-national, by 0.6 per cent to 21.1 per cent.

The Australian company has purchased another 2m shares since November 6, lifting its shareholding to 95.02m, amid continuing speculation of an offer for the company headed by Mr Tiny Rowland.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Allied Irish Bank, BAA, Beecham, Brewmaker, Cable & Wireless, Dunhill, Highland Participants, NMC, Oriflame International, Personal Assets Trust, Regalian Properties, Royal Insurance, Sketchley, Ultramar, Wagon Industrial, Witan Investment.
Finals- Concentric, Land Securities.

FUTURE DATES

Interims-

City of London PR	Nov. 17
Mercury Asset Mgt	Nov. 22
Shanks & McEwan	Nov. 30
Union Square	Nov. 28
Finals-	
Hoskyns	Dec. 14
M & G	Dec. 16

UK COMPANY NEWS

LIG cheers City despite midway fall to £14.26m

By David Waller

LONDON INTERNATIONAL Group, the consumer products and services group best known as the manufacturer of Durex condoms, yesterday cheered the City despite announcing a 5 per cent fall in pre-tax profits from £15.01m to £14.26m for the six months to the end of September.

At its annual meeting in September, LIG warned shareholders that its condom business was suffering from poor quality supplies of latex in the US and a general destocking by retailers who had overestimated the boom in the market. Yesterday, Mr Alan Woltz, chairman, suggested that these problems were a thing of the past.

He said that the rebalancing of condom stocks appeared to be coming to an end in most of LIG's markets. Furthermore, manufacturing yields in North America were returning to normal levels after the problems with the latex supplies. This news pleased analysts, and the shares added 6½p to close at 215¼p.

Another pleasing factor was the chairman's assurance that the company was unlikely to incur any liability as a result of the £50m convertible Eurobond issue launched in September last year. Mr Woltz said the issue was likely to be restructured so that the company would not face an estimated payout of £10m if called upon to redeem the bonds in 1992.

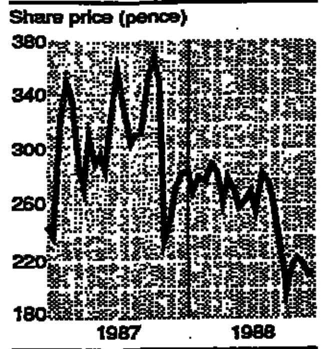
No provision will be made in LIG's profit and loss account, although the possible payout will be treated as a contingent liability.

Mr Woltz spelt out the full impact of the problems on first-half profits. In the US, costs of £3m were incurred as a result of the reduced manufacturing yields, and market share by volume fell by between 4 and 5 per cent

Combined with the reduced level of orders from retailers, this meant a fall in profit from the health and personal products division, from £8.61m to £8.83m, on turnover up from £72.6m to £97.8m. This was despite a first-time contribution of £3m from Hatu-Ico, the Italian condom company bought in September last year.

London Int. Group

Share price (pence)



Profits in the home products and services division, which includes the ColourCare photo-labs as well as the soon-to-be- sold electrical accessories businesses, rose by 23 per cent to £9.3m, on turnover up 19 per cent to £66.5m.

The interim dividend was raised by 15 per cent to 2.35p per share, whilst earnings per share showed a modest increase, from 7.62p to 7.68p. Group turnover totalled £164.3m (£148.7m), whilst the interest bill rose sharply – from £1.05m to £3.89m.

£26m rights by Hickson to finance US deal

By Philip Coggan

HICKSON INTERNATIONAL, chemicals, timber treatment and building products group, is buying Koppers Wolman, a timber treatment subsidiary of Beazer, for $67.5m (£37.3m).

Koppers Wolman has about 35 per cent of the US timber treatment market; since Hickson has 8 per cent, the deal faces anti-trust scrutiny.

Last year, Koppers Wolman made pre-tax profits of $9.1m on sales of $60.9m, including an exceptional credit of $1.1m.

Hickson is financing the acquisition with a one-for-six rights issue to raise £26.2m net of expenses. The rights price of 165p compares with last night's closing price of 222p, up 10p.

The rights issue, which is fully underwritten Phillips & Drew, is not conditional upon the acquisition taking place. If the purchase does not occur, the proceeds will be used to pay off the group's borrowings, leaving it ungeared.

Beazer is selling the company as part of its disposal programme following the purchase of Koppers, the US chemicals and aggregates group, earlier this year.

Thames Television static at £12.3m

By Fiona Thompson

THAMES TELEVISION yesterday reported flat pre-tax profits of £12.81m (£12.07m) for the half-year ended September 30 1988, following exceptional re-organisation costs and a decline in its share of national advertising revenue.

Turnover of ITV's largest contractor rose from £118.21m to £128.39m and earnings per share were 16.16p (15.8p). An interim dividend of 4.75p (4.4p) was declared.

Thames's advertising revenue increased from £104m to £111.5m, a rise of just 7 per cent compared with the 12.5 per cent advance shown by the ITV network as a whole. Consequently, Thames's market share declined from 16 per cent to 15.2 per cent.

Mr Richard Dunn, managing director, said it was not a good figure for Thames, "but it is not alarming, there is no reason to be dejected."

Mr Jonathan Shier, director of sales and marketing, attributed the fall in market share to advertising agencies encouraging clients to shift their advertising to the regions, to get the best financial deal. However, this trend had now been reversed, he claimed, and Thames in October and November had seen a shift back.

The exceptional debit of £1.19m related to major changes in working practices and staffing levels agreed in July this year. So far 100 jobs had gone. By the year-end this would rise to 200, said Mr Dunn, and the cost of early retirement and severance payments would probably rise to £3.3m for the full year.

He referred to the proposal for auctioning ITV contracts, as outlined in last week's White Paper, as the sale of the century. And a key worry in the short term was what would happen to the ITV levy in the 1990-1992 period. A change from the present profit-based levy to a revenue-based levy from January 1 1990 could impact on programme making.

The tax charge was £4.49m (£4.51m). Exchequer levy was £5.71m (£5.76m).

Great Portland up to £13.1m midway

By Paul Cheeseright, Property Correspondent

GREAT PORTLAND Estates, a property investment and development group, yesterday declared half-year pre-tax profits in line with City expectations and lifted its interim dividend.

The shares remained steady around 380p and Mr Richard Peskin, the chairman, stamped on the bid speculation which has been circulating in the market, stating that there had been no approaches and that, if there were, they would be totally rejected.

Pre-tax profits for the six months to September were £13.1m compared with £12.05m in the same period of 1987, while earnings per share rose from 5p to 5.2p. The interim dividend is raised to 3p (2.75p).

Like other groups of its type, Great Portland has been enjoying the general lift in rents and the rise in capital values.

At the end of the last financial year the net asset value of the group was 349p per share. City estimates suggest that this should rise to at least 450p by the end of the current year.

Great Portland has a strong central London portfolio, which provides its staple income. In the first half it received rents of £16.8m against £13.8m in the 1987-88 first half. The total should rise to just under £30m by the year-end.

But the group has also become more active in development, the fruits of which should be more clearly apparent in the next financial year. It has also taken a 50 per cent stake in Bride Hall, a development company, which contributed £827,000 to pre-tax profits in the first half – nearly four times as much as in the first half of last year.

More active development led to a rise in interest payable to £3.4m (£774,000).

Full year pre-tax earnings, expected to come out around £28m, will probably contain a larger profit from trading than was apparent in the first half at £1.1m.

Granyte 17% up at £794,000

Granyte Surface Coatings, USM-quoted manufacturer of wood finishes and industrial paints, raised interim pre-tax profits by 17 per cent from £678,000 to £794,000. Sales in the half-year to August 26 rose 14 per cent from £6.39m to £7.29m.

Granyte was this week the subject of a £16.8m cash bid by McLeod Russel Holdings, the paint maker and plantations company which last year merged with Kennedy Smale.

Mr William Junner, chairman, said that due to the change in accounting year the next period would be 18 weeks.

The interim dividend is raised to 1.1p (1p) on earnings per 10p share of 3.52p (3.05p).

Raine exceeds forecast with advance to £13.48m

By Andrew Hill

RAINE INDUSTRIES, housebuilder and contractor which was beaten in a 14-week battle for Ruberoid, roofing materials group, more than trebled pre-tax profits in the year to June 30, surpassing its own forecast made at the outset of the bid.

The group, which delayed the announcement of results while the last scenes of the takeover saga were played out, returned profits of £13.48m before tax, against £3.77m in 1986-87, on turnover of £209.69m (£42.09m). Earnings per share nearly doubled to 8.6p (4.5p). In July, Raine forecast profits of £13.3m on sales of £190m.

The figures were boosted by last November's £61m purchase of Aberdeen Construction Group, contracting and building materials company, and an assets swap in March through which Raine acquired Evered Holdings' housebuilding activities.

Raine said it now intended to concentrate on the expansion of its property development and shopfitting operations, although it was still looking for a fourth division.

The hostile bid for Ruberoid was finally defeated when the Department of Trade and Industry decided not to refer a recommended cash offer from Tarmac, construction and building materials group, to the Monopolies and Mergers Commission.

Mr Peter Parkin, Raine chief executive, said yesterday he still could not believe that the Tarmac bid had been allowed. Raine's 20.6 per cent stake in Ruberoid was sold to Tarmac, realising a gross profit of £5.3m, or £1.5m after all expenses. The profit will appear as an extraordinary item in the 1988-89 figures.

Raine also announced the sale of the Hill of Rubislaw office complex, part of the Aberdeen acquisition, for £31m which leaves the group with net cash of about £20m.

Housebuilding accounted for about 43 per cent of group profits, contracting for 25 per cent and allied services – shopfitting and property development – for the balance.

A recommended final dividend of 2p makes 3p (1.4p) for the year.

● COMMENT

Raine may not have won Ruberoid, but it certainly achieved a measure of favourable City and public attention which should stand it in good stead for further deals, while name recognition may help the group in its quest for larger, high-margin negotiated contracts. An increased proportion of such contracts would insulate Raine – already protected in housebuilding by the north of England bias of its activities – against any construction downturn. Meanwhile, Raine is determined to improve margins at Fletcher Homes – acquired in the Evered assets swap – though in the longer term the company intends to reduce the proportion of profits generated by housebuilding, while expanding allied services. On a forecast of 2,000 homes completed in the current year, against 1,150 in 1987-88, analysts are looking for about £22m before tax. The shares, up 1p to 91p yesterday, stand on a prospective multiple of about 7.5, which looks good value in a depressed construction sector.

Control Techniques rises to near £3m

CONTROL TECHNIQUES, variable speed drive manufacturer, lifted profits from £1.57m to £2.69m pre-tax for the year to end-September.

This was on the back of a £6.65m rise in turnover to £23.12m.

Earnings emerged at 13.4p (8.5p restated), after tax of £923,000 (£584,000), and a recommended final dividend of 3p makes a total of 4.5p (3.75p) on the enlarged share capital.

Expansion is planned for the current year which the directors said would lay foundations for profitable growth in the 1990's.

UK COMPANY NEWS

De La Rue held back to £23.3m

By David Waller

ADVERSE CURRENCY movements, an increased interest bill and a reduced contribution from related companies helped restrain first half growth in profits at De La Rue, the security printer and printing technology group in which Mr Robert Maxwell holds a 14.9 per cent stake.

In the six months to September 30, pre-tax profits rose by 7.8 per cent to £23.3m and earnings climbed a modest 5.6 per cent, working out at 11.3p per share. The interim dividend was left unchanged at 3.25p.

Turnover advanced 11 per cent to £248.65m. Mr John White, finance director, sounded a cautious note for the full year, saying that although sales expectations in the three main divisions were supported by a "satisfactory" level of orders, the pick-up in orders in several other businesses – notably Remsdaq and Printrak – continued to be slow.

He also chose to emphasise the negative impact of recent events in the macro-economic sphere, saying that exchange rates had moved unfavourably once again and that there was growing concern about the outlook for the global economy. "Both are important factors for an international company such as De La Rue," he said.

He reported that trading across the range of the company's wholly-owned businesses had been good, as reflected in a 22 per cent increase in operating profits.

But he complained that the world market for equipment to produce and finish banknotes had entered one of its periodic flat spots, leading to a significant decline in the contribution from DLR Giori and the Nigerian associated company.

In total, related company profits fell from £3.53m to £2.02m.

Interest payable went up from £2.27m to £3.48m, reflecting the impact of higher interest rates on a higher level of borrowings.

According to Mr White, translation of profits into sterling clipped the pre-tax figure by £0.75m.

John White – cautious about the full year

The company refused to comment on Mr Maxwell's intentions in the light of his successful bid for Macmillan and his talk of pulling out of the printing business, observing only that the ubiquitous publisher "took pride in being unpredictable".

● COMMENT

Yesterday's statement from De La Rue was distinctly downbeat: the company seemed to go out of its way to emphasise that its order-book was no more than satisfactory and that – with 85 per cent of its sales coming from overseas – it would be especially exposed to economic downturn. Conspiracy theorists could argue that this was a Machiavellian tactic, designed to make it less attractive for Mr Maxwell to unload his 14.9 per cent holding. Less improbably, the company was dropping a broad hint that the sound 22 per cent improvement in first half trading profits was unlikely to be matched in the second half. Reflecting the mood of caution, the shares maintained the downwards momentum of the last fortnight and dropped 3p to close at 440p. The shares now stand on a prospective multiple of 12½ if the company makes pre-tax profits of £70m in the full year. This sort of rating – unjustified on fundamentals alone – reflects the possibility that Mr Maxwell might sell on his holding to a bidder.

Wardle Storeys up 29% to £16.47m

By Philip Coggan

WARDLE STOREYS, the plastic sheeting and survival equipment group, yesterday revealed a 29 per cent increase in pre-tax profits to £16.47m in the year to August 31.

The figures reflected a particularly strong performance from the technical products division, which increased pre-tax profits by 50 per cent to £11.2m. Mr Brian Taylor, the chief executive, said that PVC prices had increased substantially over the period but the group had been able to pass the higher costs on to its customers.

Weston Hyde Coated Fabrics, which the group acquired in 1987, contributed £2.5m to the profits figure. Margins in the technical products division rose from 14.7 per cent to 18.8 per cent.

The safety and survival equipment division, which manufactures liferafts and parachutes, increased profits by 19 per cent to £3.3m. Mr Taylor said the improvement reflected higher efficiency and a programme of product rationalisation.

Operating profit on continuing operations increased by 42 per cent to £14.49m (£10.24m) on turnover higher at £76.38m (£66.12m). Interest receivable was £1.98m (£1.56m) and Mr Taylor said the group had net cash of £32m.

After tax of £5.77m (£4.22m), earnings per share were 44.1p (35.2p). The final dividend is 8.675p (6.5p), making a total of 12p (9p).

Mr Taylor said that the businesses of Ferguson Shiers and Orbex, now being reorganised, were acquired after the end of the year. Benefits would start to accrue in this year's second half.

● COMMENT

The game for Wardle Storeys analysts is "spot the acquisition" as they speculate what Mr Taylor might do with his £32m cash pile. The field is pretty wide since the only criterion Mr Taylor requires is that the target is involved in manufacturing. Despite the rebuff he received over Chamberlain Phipps, the shoe components group which he failed to acquire last year, Mr Taylor is willing to contemplate another hostile offer. In the meantime, Wardle can benefit from rationalisation in safety and survival equipment – Wardle now earns more from the remaining bits of RFD than was earned by RFD as a whole – and from booming demand in PVC. Assuming pre-tax profits of £19.5m this year, Wardle's shares, unchanged at 651p yesterday, are on a prospective p/e of 12. That puts Wardle on a premium to the market, but the growth record probably warrants it.

F&C Eurotrust net asset value lower at 239.3p

The net asset value of F & C Eurotrust was 239.3p at September 30, down from 300.8p a year earlier.

Revenue attributable to shareholders in the 12 months to end-September rose to £321,000, against £299,000 for the 15 months to September 30 1987.

Earnings per share improved to 2.66p (2.56p) and the proposed single dividend for the year is set at 2p (2.35p).

Hatfield Estates 36% ahead

By Fiona Thompson

HATFIELD ESTATES, Hertfordshire-based property developer and building contractor which joined the USM last December, yesterday reported pre-tax profits 36 per cent ahead at £2.2m for the year to August 31 1988.

The advance from £1.61m was made on turnover up 68 per cent to £11.46m (£6.83m).

All the comparative figures are pro-forma as set out in the prospectus. Earnings per share rose from 15.3p to 20.22p. The directors have recommended a dividend of 3p, against the 1.5p forecast at the time of the placing.

Mr Bob Morton, chairman, said the property development side accounted for 80 per cent of turnover, with the balance from contracting. This rose to 90 per cent at the profits level. "We are concentrating more on property development, because it is more profitable. We also want to build up a property investment side, for rental income."

Big contracts on the go at the moment include the joint agreement with Burton Property Trust for developing the 12.5 acre Welwyn Business Park, a contract worth £6.5m to Hatfield; and a £4.5m contract to build a Safeway store in Hitchin, Herts.

The June acquisition of Kingham Construction should increase group construction activity, said Mr Morton, and extend its area of operation west of London into the Thames Valley and the M40 corridor.

Tomkinsons rises 44% but warns on future

By Alice Rawsthorn

TOMKINSONS, one of the UK's largest carpet manufacturers, yesterday announced a 44 per cent increase in pre-tax profits from £3.36m to £4.83m in the year to October 1, but warned that trading conditions may become more difficult.

Mr Lowry Maclean, chairman and chief executive, said that every area of activity had fared well during the year.

Consumer carpets, under the Mr Tomkinson brand, had, he said, performed particularly well.

Tomkinsons concentrates on the middle-to-upper end of the consumer carpet market with the Mr Tomkinson range sold through independent retailers.

The group also supplies own-label carpets to multiple groups such as Habitat and Next.

Turnover rose to £29.33m (£23.76m) and trading profits to £4.87m (£3.3m).

Earnings per share increased to 54.7p (39.8p) and the proposed final dividend of 7.5p makes 10.5p (7p) for the year.

In the past five years Tomkinsons has invested heavily in re-equipping its production plants. Last year it ploughed £3.45m (£2.45m) into a new warehouse, yarn spinning facilities, computerisation and advanced tufting systems.

This year it intends to invest roughly the same ammount.

The UK carpet market has enjoyed fertile growth in recent years. Although the recent increase in interest rates and the uncertain outlook for consumer spending has fuelled concern that sales may become more sluggish.

Mr Maclean said that Tomkinsons was still trading ahead of last year's levels. But he warned that reports from retailers suggested that carpet sales – especially at the lower end of the market – were slowing down.

Tomkinsons intends to counter the slowdown by containing raw material and labour costs and by introducing new products to the upper – less price sensitive – end of the market.

● COMMENT

For years the carpet industry has been relegated to the unenviable role of the least attractive area of textiles. The carpet companies – plagued by poor profitability and awash with imports – have done little but confirm the City's suspicions. Tomkinsons is an exception. Thanks to steady investment and bright designs it has emerged with an enviable niche in the middle market and the highest margins in the industry. The market's prospects may be marred by rising interest rates and increased competition. Yet Tomkinsons – armed with its clear balance sheet, coherent strategy and 16.5 per cent margins – is relatively resilient. And its shares, up 2p to 538p, should move with the market with projected profits of £5.25m and a prospective p/e of 9.

Southnews up 21% to £1.5m halfway

Southnews, Home Counties-based newspaper group which joined the USM in June, unveiled a 21 per cent increase to £1.5m in taxable profits for the six months to October 1.

The outcome was posted on turnover 29 per cent ahead at £9.37m (£7.27m). Tax took £526,000 (£184,600), leaving actual earnings per 5p share of 6.37p (7.31p). The interim dividend is set at 1.6p.

Stratton Trust assets downturn

The net asset value of Stratton Investment Trust stood at 136p per share as at September 30 1988, against 170p at the same date last year.

Net revenue in the six months to end-September amounted to £83,000.

In the comparable period, which covered the period from incorporation on October 23 1986 to end-September 1987, the trust reported net profits of £30,000. Earnings per 50p share were 0.66p (0.24p).

UniChem move lifts earnings outlook as AAH rises to £13m

By Andrew Hill

AAH HOLDINGS, services and distribution company, increased pre-tax profits by 28 per cent to £13.1m in the six months to the end of September, against £10.2m in the equivalent period.

Earnings in the first half rose from 12.3p to 13.2p per share, and Mr William Pybus, chairman, said he now expected a similar rise in earnings per share for the full year. At the September annual meeting he had forecast that earnings would be restrained.

Mr Pybus said the Office of Fair Trading's announcement two months ago that the controversial share scheme set up by UniChem, the chemists' wholesaling co-operative, was anti-competitive had changed the trading situation.

Despite competition from the scheme – which offered shares to chemists at £1 in return for extra business – AAH's wholesaling and retailing arm managed to increase first-half trading profits to £8.1m (£7.4m), on sales of £378m (£356m).

UniChem had claimed that the shares issued under its scheme would be worth at least £12 when the wholesaling co-operative sought a stock market listing. AAH is now seeking damages from UniChem under Article 85 of the Treaty of Rome.

Mr Pybus explained that the OFT decision, the delay in selling AAH's stake in British Fuels, and the rapid assimilation of the 29 Jamieson Pharmacies purchased in April, would help boost earnings for the year.

Group turnover rose 8 per cent to £519m (£481m) and an interim dividend of 4p (3.6p) was declared.

AAH has been issued with £39.1m of loan stock for last month's sale of its 25 per cent stake in British Fuels. Interest payments at 13.13 per cent should eventually offset the loss of AAH's share of the coal distributor's profits, which was £300,000 (£200,000) in the traditionally weaker first half.

Builders' supplies returned trading profits of £2.9m (£2.3m) in the first half, transport services made an unchanged £900,000 and environmental services contributed £800,000 (£600,000). The electrical supplies division made £1m, against a two-month contribution of £300,000 in 1987.

● COMMENT

Amid a cloud of damages claims, libel writs and general acrimony, UniChem's share scheme seems likely to be referred to the Monopolies and Mergers Commission, perhaps before the end of this week. Analysts believe that investors need no longer regard it as a blot on AAH's future, and are forecasting pre-tax profits of about £30m for the full year. Margins are moving up in all divisions and should be enhanced further once the Jamieson pharmacies are brought under the Vantage franchising scheme, which is likely to grow from the existing base of 50 shops. AAH is also considering expansion by acquisition: the company will not specify its target areas, but consumer products distribution would be a logical extension of its relatively new electrical supplies operation. The shares rose 6p yesterday to 275p and look undervalued on a prospective p/e of about 9.

Alphameric shares fall by 25%

By Vanessa Houlder

SHARES IN Alphameric, information system and computer products manufacturer, yesterday lost a quarter of their value when the company announced a collapse in its pre-tax profits for the six months to September 30.

Pre-tax profits fell from £1.13m to £514,000 on turnover of £10m (£10.97m). The share price fell from 240p to 183p.

Earnings per share fell from 5.06p to 2p. The interim dividend is being maintained at last year's level of 1p per share.

Mr Douglas Craig-Wood, chairman, described the results as disappointing, although the outlook for 1990 and beyond was encouraging, he said.

The downturn was blamed on the hesitation by potential customers in ordering large systems, which hit the retail data broadcast systems and dealing room systems. In addition, there were very slow sales of Topic terminals and related financial dealing products over the late summer. These problems were compounded by factory relocations.

However, Alphameric said that it had reduced its operating costs since September through the move of the keyboard manufacturing plant to Andover, with further savings projected through the integration of CP International, financial systems supplier, with offices in London, New York and Paris.

Its order book now stood at over £10.8m compared with £13.5m last year. However, the acquisition of CP for £300,000 plus an injection of £1.25m to settle debts, will bring with it an order book of £3.7m.

The figures included an exceptional item of £313,000 which arose from factory moves to Andover and closures in Woking. There was also an extraordinary item of £166,000 due to the costs of a fire in June at its factory in France. The loss of sales from this fire were greater than expected.

● COMMENT

While the City does not take kindly to shocks of this sort, it is perhaps more sympathetic to Alphameric than most. The bulk of Alphameric's problems are merely symptomatic of the bear market, exacerbated by its overdependence on Reuters and Topic. And although the financial systems side is unlikely ever to have it so good again, Alphameric is making the most of depressed conditions. Its acquisition of CP has broadened its geographical spread, its customer base and by taking it into fixed interest and foreign exchange, lessened its dependence on equities. It also has raised the proportion of software in the group to about 40 per cent, at which point it will start to bear comparison with more highly-rated software companies. Elsewhere, Alphameric was also hit on its broadcast data side when a major order from Thomas Cook failed to materialise. Looking ahead, however, the division still has seven major trials on the boil and even allowing for worries about consumer spending, Alphameric has a good chance of getting at least one order in the second half. If so, Alphameric may muster pre-tax profits of £4m for the full year, which would put the shares on a not overly demanding price/earnings multiple of 12.

Trimoco leaps to £3.82m

GROWTH IN all parts of the business and a first contribution from its acquisition in Lewisham helped Trimoco, Luton-based motor distributor, to almost double interim pretax profits.

On turnover for the six months to the end of September up 30 per cent at £137.6m, against £105.65m, profits were £3.82m (£2m).

Earnings per 10p share were 3.3p (1.7p) basic and 1.9p (1.1p) fully diluted and an interim dividend of 0.6p (0.4p) has been declared.

Operating profit was split between motor trading £4.07m (£2.63m) and property £788,000 (£262,000). The pre-tax figure was struck after increased finance charges of £1.04m (£637,000).

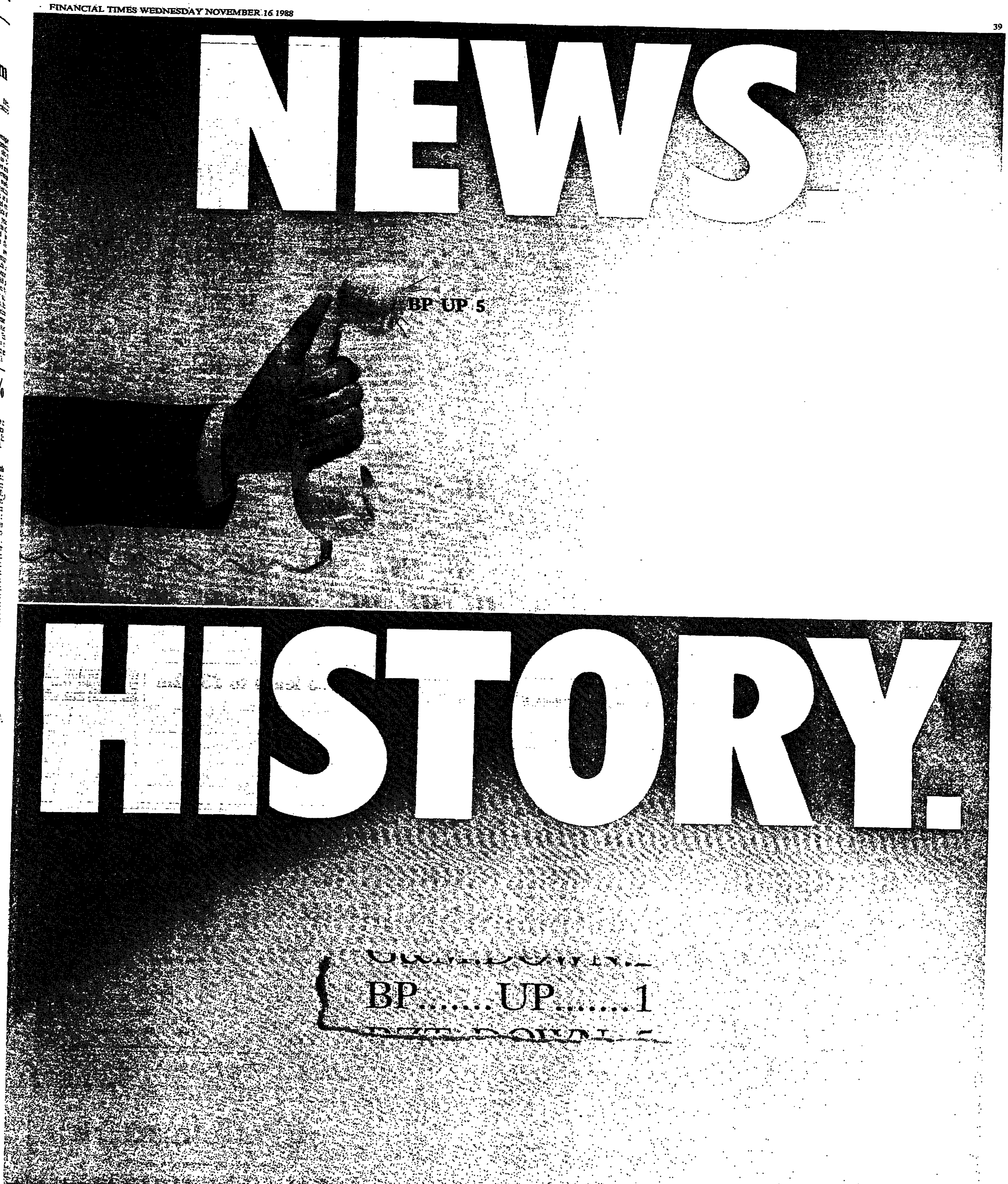
Normans rises by 39% to £2.13m midway

Substantial sales growth at all subsidiaries enabled Normans Group, discount retailer, to increase taxable profits in the 27 weeks to October 1 by 39 per cent from £1.53m to £2.13m. Turnover rose 46 per cent to £81.84m, against £56.16m.

After tax of £644,000 (£473,000) earnings came out at 2.21p (1.973p). The interim dividend is raised from an adjusted 0.933p to 1.05p.

Yearling bonds

The interest rate for this week's issue of local authority bonds is 12⅛ per cent, up ⅛ of a percentage point from a month ago. The bonds are issued at par and are redeemable on November 22 1989.


NEWS
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HISTORY.
BP......UP......1

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

London & Manchester (Tst Mgmt) Ltd (1000)H

Winslade Park, Exeter EX5 1DS 0392 282673

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5	27.65	28.16	29.89	-0.18	0.8
General	5	47.54	47.76xd	50.70	+0.30	3.7
Income	5	44.30	44.66	47.41	-0.38	5.7
International	5	33.76	34.08	36.18	+0.01	1.0
Japan	5	48.37	48.64	51.64	+0.49	–
Tst of Inv Trusts	5	36.59	36.15xd	38.38	+0.15	2.0

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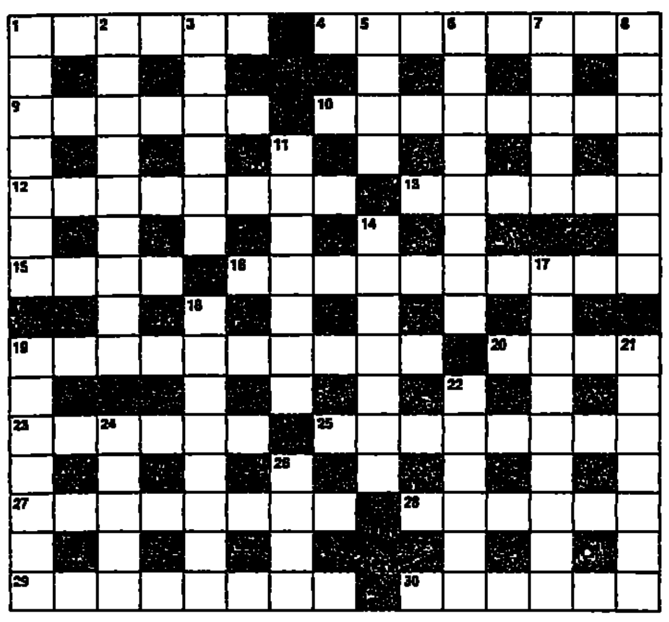
CROSSWORD

No. 6,787 Set by DANTE



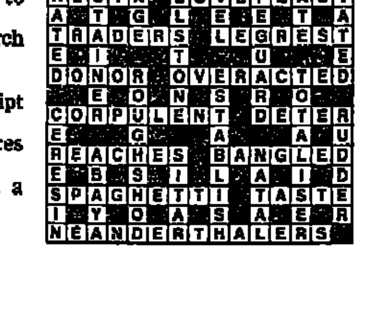
ACROSS

1 It often clashes with its own kind (6)
4 Magic Circle star? (8)
9 Girl entertaining relatives needs capital (6)
10 Going back – but not to work (8)
12 Franciscan primate (8)
13 Payment to a girl friend is a fur cape (6)
15 How Beethoven finished a set of four notes (4)
16 Path of the swallow? (10)
19 Keep arguing – like Mrs Sprat does (4,3,3)
20 Show displeasure when nothing is in place (4)
23 Poles strangely following a certain inclination (6)
25 Contemplate a change in meat diet (8)
27 An agent bound to be reinstated (8)
28 Prudence West is taking Benedictine (6)
29 Negative poles seen to change? Absurd! (8)
30 Sung or spoken at church (6)

DOWN

1 Garment paid for on receipt in Massachusetts (4,3)
2 Patch up one's differences with Thackeray (9)
3 Treatment for bruises in a car smash (6)
5 Girl right at all times (4)
6 When darkening skies are tinged with gilt anew? (8)
7 Fresh scrip issue (5)
8 Converting heights into parts (7)
11 I write in red – not green (7)
14 Gave a fellow the wrong date (7)
17 Kind of duck that makes do with oranges (9)
18 Wenceslaus's instruction in the event of a hold-up? (8)
19 Arching in embarrassment (7)
21 It gives warm support to aspiring glider-pilots (7)
22 Polish or polish off (6)
24 Nobody's child – what a bloomer (5)
26 Grounds or pastures, say (4)

Solution to Puzzle No.6,786



GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.
OFFER PRICE
The price at which units may be bought.
BID PRICE
The price at which units may be sold.
CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.
TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ‡ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♠ - 1701 to midnight.
HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.
FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

مكتبة الأصل

FT UNIT TRUST INFORMATION SERVICE

Swiss Life Pen Tst Man Co Ltd (1000)H

TSB Unit Trusts (y) (1000)F

Target Trust Mngrs Ltd (1600)H

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1000)F

Touche, Remnant Unit Tst Mngt Ltd (1600)F

Trades Union Unit Tst Mngrs (1600)F

Trident Fd Mngrs. Ltd. (1000)H

Tyndall Unit Tst Mngrs Ltd (1400)H

UK Unit Trust Managers Ltd (1400)H

Unit Trust Account & Mgmt Ltd (1500)F

United Charities Unit Trusts (1080)H

Vanguard Trust Mngrs Ltd (z) (1200)F

Wardley Unit Tst Mngrs Ltd (0900)H

Waverley Unit Tst Mngmt Ltd (1000)F

Wellington Fund Mngrs Ltd (1200)F

Wessex Asset Management (1530)H

Whittingdale Unit Trust Mgmt Ltd

Willbro Financial Services Ltd (0905)F

Windsor Trust Mngrs Ltd (1000)F

Wright Seligman Fund Mngrs Ltd (1000)H

The Yorkshire Unit Tst Mngrs Ltd (1100)F

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Cent. Bd. of Fin. of Church of England

Charities Official Invest. Funds

Edinburgh Fund Mngrs PLC

Robert Fleming & Co Ltd

Foreign & Colonial Pens Mngt Ltd

Henderson Unit Trust Management Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.

MGM Ltd

Murray Johnstone UT Mngmt

New Court Property Fund Managers

Phillips & Drew Fund Management Ltd

N. Rothschild Fund Managers Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Abtrust Management Ltd

AEtna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Ambassador Life Assce. Co Ltd

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

British National Financial Services

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Insurance Co of America

Commercial Union Group

Continental Life Insurance PLC

Cornhill Insurance PLC

Criterion Assurance Group

Crown Financial Management Ltd

Crusader Insurance Plc

Devonshire Life

Eagle Star Insurance Co Ltd

Eagle Star Insur/Midland Assur.

Economic Insurance Company Ltd

Equitable Life Assurance Society

Equity & Law

FS Assurance Limited

Family Assurance Society

Framlington Life Insurance Ltd

Friends' Provident

GT Management Ltd

General Accident Linked Life Assurance

General Portfolio Life Ins. Plc

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

The LAS Group

Guardian Royal Exchange

Guardian Royal Exchange — Contd.

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Imperial Trident Life Ltd

Insurance Co of Canada

Interlife Assurance Co. Ltd.

Irish Life Assurance Co Ltd

Lancashire & Yorkshire Assce Society

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

London A'dean & Nthn. Mtl. Assur. Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance Co Ltd

Merchant Investors Assurance Co Ltd — Contd.

Midland Life Limited

Municipal Life Assurance Ltd

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Schroder Life Assurance Ltd

National Mutual Life

National Provident Institution

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

	Bid Price	Offer Price	+ or -	Yield Gross
Norwich Union Asset Management Ltd				
PO Box 124, Norwich NR1 1JS 0603 683986				
NUAM Funds				
Managed Fund	53.8	56.7	+0.1	-
Stock Market Mngt Fund	51.3	54.0	-	-
Equity Fund	55.2	58.1	+0.2	-
International Fund	48.0	50.5	-	-
European Fund	49.8	52.4	-0.4	-
North American Fund	42.2	44.4	-0.3	-
Pacific Fund	59.6	62.7	+0.2	-
Property Fund	67.4	71.0	+0.1	-
Fixed Interest Fund	52.5	55.2	-0.1	-
Index linked Sec Fund	53.9	56.7	-	-
Deposit Fund	54.8	57.7	-	-
NUAM Retirement Plans				
Mixed Fund	57.6	60.6	-0.2	-
UK Ordinary Share Fd	64.5	67.8	-0.3	-
International Fund	49.2	51.8	-0.3	-
Property Fund	65.7	69.1	-	-
Fixed Interest Fund	57.1	60.2	+0.1	-
Index Linked Sec Fund	55.2	58.1	-	-
Deposit Fund	59.0	62.1	-	-
NUAM (MP)				
Managed Fund	750.8	790.4	+1.1	-
Equity Fund	1491.0	1569.5	+4.6	-
Property Fund	424.6	447.0	+0.1	-
Fixed Interest Fund	391.2	411.8	-0.8	-
Deposit Fund	224.3	236.2	-	-
International Fund	126.1	132.8	-	-
Index Linked Sec Fund	54.6	57.5	-	-
Norwich Union Life Insurance Soc.				
PO Box 149, Norwich NR1 3NG 0603 622200				
Unitised Premium				
With Profits Fd	108.03	113.71	-0.04	-
Managed Fd	116.33	122.45	-0.41	-
UK Equity Fd	119.28	125.55	-0.51	-
International Fd.	116.77	122.91	-0.79	-
European Fd	114.34	120.36	-0.33	-

	Bid Price	Offer Price	+ or -	Yield Gross
Providence Capital Life Assc. Co Ltd — Contd.				
Nat Resources Initial		45.1	-0.7	-
Japan Growth Initial		187.9	...	-
European Initial		72.0	-0.5	-
Residential Prop Init.		115.5	-0.5	-
Swiss Equities Initial		32.3	-0.1	-
Hong Kong Initial		41.1	+0.2	-
UK High Inc Eq Init.		61.1	+1.0	-
Int Fixed Interest Init.		49.8	-0.1	-
Int Managed Init.		46.7	-0.2	-
HIP Managed Init.		100.8	-0.4	-
Broker Fund				
Towerhill Mngt Fd Acc.	46.0	48.5	-0.6	-
High Performance	61.1	64.4	-0.4	-
YRA Executive Fd.	76.6	80.8	+0.2	-
Investment Master		36.5	...	-
H.F. Speculator Fd		112.2	-0.1	-
£ High Inc Money Fd.		103.2	-0.1	-
£ Global Growth Fd.		103.2	-0.1	-
PEP Acorn II		101.5	-0.5	-
AAFS Int Man Fund		98.7	-0.5	-
Individual Pension Funds				
UK Equity Acc.	205.4	216.7	+4.1	-
UK Fixed Interest Acc.	163.5	172.5	+0.1	-
Intl Equities Acc.	162.2	171.1	-2.4	-
UK Managed Acc.	149.9	158.1	+0.2	-
Property Acc.	188.0	198.4	-0.2	-
Money Acc.	115.3	121.7	...	-
Special Market Acc.	128.7	135.8	+0.5	-
Japanese Acc.	221.2	233.4	+2.7	-
North American Acc.	100.8	106.4	-0.2	-
Pacific Acc	125.3	132.1	-5.6	-
Technology Acc.	128.5	135.6	+3.4	-
Natural Resources Acc.	86.7	91.5	-1.6	-
Japan Growth Acc.	258.0	272.2	...	-
European Acc.	87.4	92.2	-0.7	-
Residential Prop Acc.	122.3	129.1	-0.5	-
Swiss Equities Acc.	32.3	34.1	...	-

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

IoM AUTHORISED

OFFSHORE INSURANCES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1988 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102	99	Treas 11½pc 1989	99	−	11.53	11.84
101	98	Treas 9½pc Cnv 1989	99	−	9.58	11.55
97	95	Treas 3pc 1989	97	−	3.09	9.18
102	99	Treas 10½pc 1989	99 xd	−	10.57	11.78
102	98	Exch 10pc 1989	98	−	10.12	11.74
103	99	Exch 11pc 1989	99	−	11.05	11.55
97	94	Treas 5pc 1986-89	95	−	5.22	9.80
104	98	Exch 10¼pcCv '89	99	....	10.30	10.79
107	102	Treas 13pc 1990‡‡	102	−	12.75	11.03
104	100	Exch 11pc 1990‡‡	100	−	11.00	10.95
107	101	Exch 12½pc 1990	101	−	12.28	11.02
93	90	Treas 3pc 1990	91	−	3.27	9.07
99	95	Treas 8¼pc 1987-90‡‡	96 xd	−	8.53	10.61
102	95	Treas. 8pc Cv 1990 ‡‡	98	−	8.17	9.33
103	98	Treas. 10pcCv 1990	98	−	10.14	10.78
91	87	Exch 2½pc 1990	88 xd	−	2.82	8.67
107	101	Treas 11¾pc 1991	101	−	11.54	10.76
95	90	Funding 5¾pc '87-91‡‡	91	−	6.28	9.84
90	86	Treas 3pc 1991	87	−	3.42	8554
105	98	Treas 10pc Cv '91 ‡‡	99	−	10.06	10.25
107	100	Exch 11pc 1991	101	−	10.87	10.53
98	92	Treas. 8pc 1991	93 xd	−	8.56	10.54
113	105	Treas 12¾pc 1992‡‡	106	−	12.00	10.36
104	98	Treas 10pc 1992	98	−	10.10	10.34
98	92	Treas 8pc 1992 ‡‡	93	−	8.58	10.38
106	99½	Treas 10½pc Cv 1992‡‡	100	−	10.45	10.34
86	82	Treas. 3pc 1992	83 xd	−	3.58	8.31
112	104	Exch 12¼pc '92	105	−	11.60	10.39
117	108	Exch 13½pc 1992	109	−	12.31	10.38
97	91	Treas 8¼pc 1993	93	−	8.87	10.28
105	97	Treas 10pc 1993‡‡	99	−	10.06	10.17
115	107	Treas 12½pc 1993‡‡	108	−	11.55	10.22
93	87½	Funding 6pc 1993‡‡	87½	−	6.82	9.12
		Five to Fifteen Years				
121	112	Treas 13¼pc 1993‡‡	113½ xd	−	12.12	10.24
101	91	Treas. 8½pc 1994	93	−	9.14	10.25
94	91	Treas 8½pc 1994 A	92	−	9.14	10.25
125	115	Treas 14½pc 1994‡‡	117	−	12.36	10.19
120	111	Exch 13½pc 1994	113	−	11.94	10.31
105	98	Treas 10pc Ln. 1994‡‡	99 xd	−	10.05	10.12
116	107	Exch 12½pc 1994	109	−	11.44	10.31
101	93	Treas 9pc 1994‡‡	95 xd	−	9.45	10.06
114	105	Treas 12pc 1995	107	−	11.13	10.25
83½	78½	Exch 3pc Gas 90-95	81	....	3.70	6.67
106	98	Exch 10¼pc 1995	100½	−	10.20	10.13
120	111	Treas 12¾pc 1995‡‡	112	−	11.29	10.12
126	116	Treas. 14pc '96	118	−	11.81	10.26
101	93	Treas 9pc 1992-96‡‡	95	−	9.42	9.86
133	123	Treas 15¼pc 1996‡‡	125	−	12.12	10.22
123	114	Exch 13¼pc 1996‡‡	116	−	11.40	10.12
105	97	Conversion 10pc 1996	99	−	10.02	10.04
124	115	Treas 13¼pc 1997‡‡	117	−	11.31	10.09
108	100	Exch 10½pc 1997	102	−	10.23	10.10
98	91	Treas 8¾pc 1997‡‡	93	−	9.34	9.84
134	125	Exch 15pc 1997	127½	−	11.78	10.25
104	96	Exch. 9¾pc 1998	98	−	9.88	9.96
87	81	Treas 6¾pc 1995-98‡‡	83	−	8.11	9.46
140	130	Treas 15½pc '98‡‡	133	−	11.65	10.12
118	109	Exch. 12pc 1998	112 xd	−	10.70	10.03
103	95	Treas 9½pc 1999‡‡	98	−	9.65	9.73
120	111	Exch 12¼pc 1999	114	−	10.74	10.02
109	101	Treas. 10½pc 1999	103 xd	−	10.12	9.92
107	99	Conversion 10¼pc 1999	102 xd	−	10.02	9.90
100	86	Treas. 8½pc Ln 2000‡‡	91	−	9.26	9.70
99	92	Conversion 9pc 2000‡‡	95	−	9.45	9.70
126	117	Treas. 13pc 2000	120	−	10.83	10.04
106	98	Treas 10pc 2001	101	−	9.86	9.77
129	120	Treas. 14pc '98-01	122 xd	−	11.40	10.20
104	97	Conversion 9¾pc 2001	100	−	9.76	9.75
118	109	Exch. 12pc '99-02	112	−	10.71	10.05
107	99	Conversion 10pc 2002	102	−	9.78	9.70
105	97	Treas 9¾pc 2002	100	−	9.71	9.67
99	92	Exch. 9pc 2002	95 xd	−	9.45	9.62
131	122	Treas. 13¾pc 2000-03	124	−	11.02	10.08
108	100¼	Treas 10pc 2003	103	−	9.69	9.59
		Over Fifteen Years				
117	108	Treas. 11½pc 2001-04	111	−	10.33	9.88
108	100	Treas. 10pc 2004	104 xd	−	9.62	9.50
61	54	Funding 3½pc '99-04	58	−	5.91	8.15
104	97	Conversion 9½pc 2004	100	−	9.45	9.43
104	97	Conversion 9½pc 2005	100	−	9.42	9.40
113	105	Exch. 10½pc 2005	109	−	9.60	9.38
128	118	Treas. 12½pc 2003-05	122 xd	−	10.23	9.66
92	85	Treas. 8pc 2002-06‡‡	88	−	9.02	9.30
106	99	Conversion 9¾pc 2006	103	−	9.41	9.33
121	112	Treas. 11¾pc 2003-07	116	−	10.14	9.65
97	89	Treas 8½pc 2007 ‡‡	94	−	9.04	9.17
137	127	Treas. 13½pc '04-08	131	−	10.29	9.57
101	94	Treas. 9pc 2008 ‡‡	99	−	9.09	9.11
92	85	Treas 8pc 2009	90	−	8.88	9.06
101	93	Conv 9pc Ln 2011 ‡‡	100	−	9.01	9.01
68	62	Treas. 5½pc 2008-12‡‡	67	−	8.16	8.78
89¼	82	Treas. 7¾pc 2012-15‡‡	88	−	8.83	8.96
131	121	Exch. 12pc '13-'17	129 xd	−	9.28	9.03

BRITISH FUNDS—Contd

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, i.e. 8 months prior to issue and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for February 1988: 103.7 and for September 1988: 108.4.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Oppenheimer Managed Assets Co

	Bid Price	Offer Price	+ or −	Yield Gross
European Managed	SFr51.98	55.25	−0.43	−
Global Income	$9.55	10.15	−0.02	6.28
International Managed	$7.42	7.88	+0.01	−
Pacific Managed	$8.52	9.05	−0.04	−
Worldwide Recovery	$9.56	10.16	−0.05	−

Orbitex Bahamas Ltd

	Bid Price	Offer Price	+ or −	Yield Gross
Orbitex Growth Fund	$5.5129	6.8642	—	−
Orbitex Nat Res Fd.	C$6.7854	7.4639	—	−

PRS International

	Bid Price	Offer Price	+ or −	Yield Gross
PRS Value Fd		$963.55	...	−

Pacific Growth Fund

Scimitar Worldwide Selection Fund Limited

Equity Class Funds	Bid Price	Offer Price
American	$10.79	11.34
Asian Smllr Mkts	$7.66	8.06
European	$9.80	10.31
Gold	$4.79	5.04
Japanese	$24.64	25.93
Pacific Basin	$16.47	17.33
Utd Kingdom	£7.36	7.76
Worldwide	$12.87	13.54
Bond Class Funds		
US Dollar	$9.26	9.69
Zero Coupon	−	−
Sterling	£9.22	9.65

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar awaits trade data

THE DOLLAR finished around the middle of the day's range yesterday, with trading volume inhibited by the proximity of today's release of US trade figures for September.

Further intervention by the Bank of Japan in Tokyo, estimated as up to $400m, deterred any renewed attempt on key dollar support levels. The Bank of Japan has bought almost $1bn so far this week, yet the dollar has failed to move significantly firmer, suggesting that central bank intervention has been less effective than hoped for, mainly because investors have not been squeezed through holding short dollar positions.

Dealers suggested that most players are holding square positions, unlikely to sell the dollar before today's trade figures, but lacking any incentive to buy the US unit. While the September trade data is expected in the markets to show an improvement over the August level of $10.56bn, the dollar's bearish undertone suggests that downward pressure may well remain, whatever today's figures reveal.

The dollar opened on a slightly firmer note in Europe, but was confined to a narrow range. Most traders expect the dollar's bearish undertone to push it weaker in the medium term, although the US Federal Reserve Board may well intervene to support it, ahead of this week's 30-year Treasury bond auction. A weaker dollar is also likely to be resisted in order to restore confidence to a nervous Wall Street.

News of a 0.9 p.c. rise in US retail sales in October had only little initial impact, and a lower than expected 0.4 p.c. increase in October industrial production was also largely ignored.

The dollar closed at DM1.7450 from DM1.7445 against the D-Mark, and was unchanged against the yen at Y123.40. Elsewhere, it finished at SFr1.4630 from SFr1.4645 and FFr5.9600, also unchanged. On Bank of England figures, the dollar's exchange rate index was quoted at 94.1 from 94.0 on Monday.

Sterling finished towards the day's lows, but was confined to a narrow range. Its exchange rate index finished at 77.0, down from 77.1 at the opening and on Monday. The pound derived support from the continued strength of UK interest rates, and concern that data on average earnings and inflation later this week could put further upward pressure on rates.

The pound closed at $1.8070 from $1.8085 on Monday, and DM3.1525 from DM3.1550. It was also slightly lower against the yen at Y223.00 from Y223.25. Elsewhere, it finished at SFr2.6450 from SFr2.6475 and FFr10.7725 against FFr10.7775.

The D-Mark was slightly weaker against the yen, despite continued yen sales by the Bank of Japan. The Bundesbank has so far made only nominal D-Mark sales to support the dollar. The D-Mark opened at Y70.78 and rose initially to Y70.86, before slipping back to Y70.74 at noon. By the close, it had eased further to Y70.72.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Nov.15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4269	+2.28	+0.78	±1.5344
Danish Krone	7.85212	8.01043	+2.02	+0.52	±1.5404
German D-Mark	2.05853	2.07236	+0.67	-0.83	±1.0981
French Franc	6.90403	7.07903	+2.53	+1.03	±1.3674
Dutch Guilder	2.31943	2.33712	+0.76	-0.74	±1.5012
Irish Punt	0.768411	0.775834	+0.97	-0.53	±1.6684
Italian Lira	1483.58	1542.01	+3.94	+3.04	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Nov 15	Latest	Previous Close
£ Spot	1.8085-1.8090	1.8090-1.8040
1 month	0.50-0.49pm	0.49-0.47pm
3 months	1.43-1.41pm	1.37-1.35pm
12 months	4.80-4.70pm	4.70-4.60pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Nov.15	Previous
8.30 am	77.1	76.9
9.00 am	77.1	77.0
10.00 am	77.1	76.9
11.00 am	77.1	76.9
Noon	77.1	77.0
1.00 pm	77.1	77.0
2.00 pm	77.1	77.0
3.00 pm	77.0	77.0
4.00 pm	77.0	77.1

CURRENCY RATES

Nov 15	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.751321	0.656415
U S Dollar	6.50	1.35388	1.18726
Canadian $	8.75	1.66487	1.46425
Austrian Sch	4	16.6460	14.5724
Belgian Franc	7	49.6637	43.4269
Danish Krone	7½	9.14140	8.01043
Deutsche Mark	3½	2.37037	2.07236
Neth Guilder	4	2.67121	2.33712
French Franc	9½	8.09282	7.07903
Italian Lira	12½	1765.41	1542.01
Japanese Yen	2½	166.527	146.626
Norway Krone	8	8.91124	7.83056
Spanish Peseta	-	156.194	136.475
Swedish Krona	8½	8.23024	7.21437
Swiss Franc	3	1.99088	1.73518
Greek Drach.	20½	195.839	171.796
Irish Punt	-	N/A	0.775834

*All SDR rates are for Nov.14

CURRENCY MOVEMENTS

Nov.15	Bank of England Index	Morgan** Guaranty Changes %
Sterling	77.0	-15.4
U.S Dollar	94.1	-13.2
Canadian Dollar	81.5	-4.6
Austrian Schilling	136.5	+10.3
Belgian Franc	99.1	+5.5
Danish Krone	90.2	+0.4
Deutsche Mark	146.4	+21.9
Swiss Franc	169.7	+20.9
Guilder	134.7	+14.2
French Franc	69.5	-14.9
Lira	45.6	-20.6
Yen	252.2	+87.1

Morgan Guaranty changes, average 1980-1982=100 Bank of England Index (Base Average 1975=100) **Rates are for Nov 14.

OTHER CURRENCIES

Nov 15	£	$
Argentina	22.6900-22.8400	12.5700-12.6500
Australia	2.1170-2.1190	1.1710-1.1720
Brazil	933.80-938.70	517.20-519.75
Finland	7.4590-7.5815	4.1350-4.1370
Greece	258.85-263.55	142.85-145.85
Hong Kong	14.0925-14.1095	7.8080-7.8110
Iran	122.75*	67.00*
Korea(Sth)	1248.98-1259.05	690.40-696.00
Kuwait	0.50570-0.50670	0.28020-0.28030
Luxembourg	66.00-66.10	36.50-36.60
Malaysia	4.8705-4.8825	2.6990-2.7020
Mexico	4123.75-4135.75	2284.00-2290.00
N. Zealand	2.8095-2.8145	1.5540-1.5565
Saudi Ar	6.7705-6.7765	3.7510-3.7520
Singapore	3.5215-3.5275	1.9510-1.9540
S. Af (Cm)	4.3245-4.3360	2.3920-2.3950
S. Af (Fn)	6.7215-6.8485	3.7175-3.7880
Taiwan	50.60-50.85	28.05-28.15
U.A.E.	6.6285-6.6345	3.6725-3.6735

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

Nov.15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8025-1.8110	1.8065-1.8075	0.52-0.49cpm	3.35	1.39-1.34pm	3.02
Canada	2.2200-2.2360	2.2300-2.2310	0.34-0.24cpm	1.56	0.70-0.57pm	1.14
Netherlands	3.55-3.56¼	3.55-3.56	2¼-1⅞cpm	6.75	6-5¾pm	6.61
Belgium	65.90-66.20	66.00-66.10	30-22cpm	4.72	84-74pm	4.78
Denmark	12.17¼-12.20¾	12.18¾-12.19¾	4⅝-3¼orepm	4.12	12-11¼pm	3.79
Ireland	1.1780-1.1835	1.1800-1.1810	0.44-0.38ppm	4.17	1.33-1.19pm	4.27
W Germany	3.15-3.16	3.15-3.15½	2-1⅞pfpm	7.38	5⅞-5⅝pm	7.30
Portugal	261.80-263.30	262.20-263.20	3-47cdis	-1.14	48-146dis	-1.48
Spain	207.35-208.30	207.70-208.00	11pm-5cdis	0.17	13-31dis	-0.42
Italy	2344-2351	2344½-2345½	2-parlirepm	0.51	3-1pm	0.34
Norway	11.93¼-11.96½	11.94-11.95	5¼-6½oredis	-5.90	7¼-10dis	-2.97
France	10.75¾-10.79½	10.76¾-10.77¾	3¼-3⅛cpm	3.97	10-9¾pm	3.60
Sweden	10.98-10.99½	10.97¼-10.98¼	1¼-¾orepm	1.02	3¾-3¼pm	1.28
Japan	222½-223¾	222½-223½	1⅝-1½ypm	8.41	4⅞-4½pm	7.62
Austria	22.16-22.23	22.20-22.23	12¼-11⅛gropm	6.45	35-33pm	6.12
Switzerland	2.63¾-2.65	2.64-2.65	1⅞-1¾cpm	8.22	5¼-5pm	7.75

Belgian rate is convertible francs. Financial franc 66.35-66.45. Six-month forward dollar 2.72-2.67cpm 12 months 4.75-4.65cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Nov.15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8025-1.8110	1.8065-1.8075	0.52-0.49cpm	3.35	1.39-1.34pm	3.02
Ireland†	1.5275-1.5320	1.5305-1.5315	0.06-0.11cdis	-0.67	0.25-0.35dis	-0.78
Canada	1.2275-1.2360	1.2345-1.2355	0.17-0.20cdis	-1.80	0.57-0.60dis	-1.90
Netherlands	1.9625-1.9725	1.9675-1.9685	0.58-0.56cpm	3.48	1.80-1.76pm	3.62
Belgium	36.45-36.65	36.50-36.60	5.50-3.50cpm	1.48	18.00-14.00pm	1.75
Denmark	6.72-6.75¾	6.74½-6.75	0.60-0.30orepm	0.80	1.50-1.10pm	0.77
W. Germany	1.7395-1.7495	1.7445-1.7455	0.59-0.56pfpm	3.95	1.85-1.81pm	4.19
Portugal	145¼-146	145¼-145¾	45-65cdis	-4.54	130-180dis	-4.27
Spain	114.70-115.20	114.95-115.05	26-36cdis	-3.24	95-105dis	-3.48
Italy	1295½-1301	1297¼-1298¼	3.00-3.50liredis	-3.01	8.60-9.30dis	-2.76
Norway	6.58¾-6.62¼	6.60¾-6.61¼	4.80-5.30oredis	9.17	9.50-10.50dis	-6.05
France	5.94¼-5.97½	5.95¼-5.96¼	0.30-0.25cpm	0.55	0.95-0.80pm	0.59
Sweden	6.06¾-6.08¾	6.07¼-6.07¾	1.10-1.25oredis	-2.32	2.65-2.95dis	-1.84
Japan	123.20-123.70	123.35-123.45	0.48-0.45ypm	4.52	1.43-1.40pm	4.58
Austria	12.24¼-12.29½	12.26-12.26½	3.20-2.80gropm	2.94	10.75-9.25pm	3.26
Switzerland	1.4590-1.4645	1.4625-1.4635	0.58-0.55cpm	4.64	1.72-1.67pm	4.64

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 36.70-36.80.

EURO-CURRENCY INTEREST RATES

Nov.15	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11½-11¼	11¾-11½	11 13/16-11 11/16	12 3/16-12⅛	12¼-12⅛	12¼-12⅛
US Dollar	8 11/16-8 9/16	8 9/16-8 7/16	8⅝-8½	9-8⅞	9-8⅞	9 1/16-8 15/16
Can. Dollar	10-9⅞	10¼-10	10⅜-10¼	10 11/16-10 9/16	11-10⅞	11⅛-10⅞
D Guilder	5-4⅞	5¼-5⅛	5¼-5⅛	5⅜-5¼	5⅜-5¼	5⅜-5¼
Sw Franc	4½-4¼	4½-4¼	4 7/16-4 5/16	4¼-4⅛	4 7/16-4 5/16	4 7/16-4 5/16
Deutschmark	4⅝-4½	4 11/16-4 9/16	4¾-4⅝	4 15/16-4 13/16	5-4⅞	5 1/16-4 15/16
Fr Franc	7⅞-7¾	7 13/16-7 11/16	8-7⅞	8 3/16-8 1/16	8⅜-8¼	8 9/16-8 7/16
Italian Lire	12-10	11½-10½	11⅜-10⅞	11¼-11⅛	11⅜-11⅛	11 13/16-11 9/16
B. Fr (Fin)	7 3/16-7 1/16	7¼-7⅛	7¼-7⅛	7¼-7⅛	7⅜-7¼	7⅜-7¼
B. Fr. (Con.)	7⅛-7	7⅛-7	7⅛-7	7⅛-7	7 5/16-7 3/16	7½-7⅜
Yen	3⅞-3¾	3⅞-3¾	4⅛-4	4 3/16-4 1/16	4½-4⅜	4½-4⅜
D. Krone	7⅝-7⅜	7⅝-7⅜	7¾-7⅜	8 1/16-7⅞	8½-8⅛	8⅝-8⅜
Asian $Sing	8 9/16-8 7/16	8 9/16-8 7/16	8 9/16-8 7/16	9-8⅞	9-8⅞	9⅛-9

Long term Eurodollars: two years 9⅜-9¼ per cent; three years 9½-9⅜ per cent; four years 9 9/16-9 7/16 per cent; five years 9⅝-9½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Nov.15	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.807	3.153	223.0	10.77	2.645	3.565	2345	2.231	66.05
$	0.553	1	1.745	123.4	5.960	1.464	1.967	1298	1.235	36.55
DM	0.317	0.573	1	70.73	3.416	0.839	1.127	743.7	0.708	20.95
YEN	4.484	8.103	14.14	1000.	48.30	11.86	15.94	10516	10.00	296.2
F Fr.	0.929	1.678	2.928	207.1	10.	2.456	3.301	2177	2.071	61.33
S Fr.	0.378	0.683	1.192	84.31	4.072	1	1.344	886.6	0.843	24.97
H Fl.	0.281	0.508	0.887	62.73	3.030	0.744	1	659.6	0.628	18.58
Lira	0.426	0.771	1.345	95.10	4.593	1.128	1.516	1000.	0.951	28.17
C $	0.448	0.810	1.413		4.827	1.186	1.593	1051	1	29.61
B Fr.	1.514	2.736	4.774	337.6	16.31	4.005	5.382	3550	3.378	100.

Yen per 1,000. French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Prices fall on inflation fears

LONG GILT and short sterling futures broke through support levels in Liffe trading yesterday, as fresh economic data increased fears on inflation.

Three-month sterling deposits broke through the previous low of 88.02 for March delivery, to finish at 87.96, down from 88.05 at the start and 88.08 on Monday. The weaker tone was accelerated by a slightly firmer tone in some cash rates.

Gilt prices were also depressed, and fell through 96-00 to finish at 95-29 for December delivery, down from 96-07 at the start and 96-09 at the previous close. Trading volume was brisk at over 25,000 lots traded.

A sharp rise in US retail sales revived fears of inflation and pushed US Treasury bond futures weaker at the close. However, the extent of the market's reaction was muted, as investors squared positions ahead of today's release of US trade figures for September. Nevertheless, the December bond price slipped from a high of 89-01 to finish at 88-22, down from 88-30 at the start, and compared with 88-20 on Monday.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
90	558	623	0	3
92	358	430	0	10
94	159	248	1	28
96	18	125	24	105
98	1	38	207	218
100	0	13	406	357
102	0	6	606	550

Estimated volume total, Calls 956 Puts 2740
Previous day's open int. Calls 33391 Puts 42653

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
82	644	637	0	25
84	445	461	1	49
86	246	332	2	120
88	62	215	18	203
90	8	124	128	312
92	1	47	321	435
94	0	25	520	613

Estimated volume total, Calls 25 Puts 90
Previous day's open int. Calls 5524 Puts 5290

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Nov	Calls-settlements Dec	Puts-settlements Nov	Puts-settlements Dec
16500	1625	1630	0	5
17000	1125	1152	0	27
17500	633	724	8	99
18000	226	390	101	265
18500	36	174	411	549
19000	2	63	877	938
19500	0	18	1375	1393

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 0 Puts 7

6% NOTIONAL GERMAN GOVT. BOND
DM 250,000 100ths of 100%

	Close	High	Low	Prev.
Dec	97.28	97.38	97.21	97.25
Mar	96.69	96.76	96.66	96.66

Estimated Volume 5195 (4837)
Previous day's open int. 10297 (10524)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8070	1.8020	1.7934	1.7801	1.7600

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Dec	1.8008	1.8036	1.7980	1.8012
Mar	1.7896	1.7914	1.7860	1.7892
Jun	1.7780	1.7780	-	1.7766

TOTAL VOLUME IN CONTRACTS : 33,777

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	12	City Merchants Bank	12	NatWestminster	12
Adam & Company	12	Clydesdale Bank	12	Northern Bank Ltd	12
AIB - Allied Arab Bk	12	Comm. Bk. N. East	12	Norwich Gen. Trust	12
Allied Irish Bank	12	Co-operative Bank	*12	PRIVATbanken Limited	12
● Henry Ansbacher	12	Coutts & Co	12	Provincial Bank PLC	13
ANZ Banking Group	12	Cyprus Popular Bk	12	R. Raphael & Sons	12
Associates Cap Corp	12	Dunbar Bank PLC	12	Roxburghe G'rantee	12½
Authority Bank	12	Duncan Lawrie	12	Royal Bk of Scotland	12
● B & C Merchant Bank	12	Equatorial Bank plc	12	Royal Trust Bank	12
Bank of Baroda	12	Exeter Trust Ltd	12½	● Smith & Williamson Secs.	12
Banco Bilbao Vizcaya	12	Financial & Gen. Bank	12	Standard Chartered	12
Bank Hapoalim	12	First National Bank Plc	13	TSB	12
Bank Leumi (UK)	12	● Robert Fleming & Co.	12	UDT Mortgage Exp	‡12.75
Bank Credit & Comm	12	Robert Fraser & Ptnrs.	12½	United Bk of Kuwait	12
Bank of Cyprus	12	Girobank	12	United Mizrahi Bank	12
Bank of Ireland	12	● Guinness Mahon	12	Unity Trust Bank Plc	12
Bank of India	12	HFC Bank plc	12	Western Trust	12
Bank of Scotland	12	● Hambros Bank	12	Westpac Bank Corp.	12
Banque Belge Ltd	12	Heritable & Gen Inv Bnk	12	Whiteaway Laidlaw	12½
Barclays Bank	12	● Hill Samuel	§12	Yorkshire Bank	12
Benchmark Bank PLC	12	C. Hoare & Co.	12		
Berliner Bank AG	12	Hongkong & Shangh	12		
Brit Bk of Mid East	12	● Leopold Joseph & Sons	12		
● Brown Shipley	12	Lloyds Bank	12		
Business Mtge Tst	12½	Meghraj Bank Ltd	12		
CL Bank Nederland	12	McDonnell Douglas Bnk	12½		
Central Capital	12	Midland Bank	12		
● Charterhouse Bank	12	Mount Bnkg Corp.	12		
Citibank NA	12	Nat Bk. of Kuwait	12		

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MONEY MARKETS

Nervous rise

LONGER TERM rates rose in London yesterday, to give a flat yield structure from three to 12-months. The firmer trend followed the release of September industrial production, which showed a fall of 0.5 p.c. compared with expectations of a 0.1 p.c. decline, while manufacturing output fell by 0.9 p.c. against an expected 0.4 p.c.

UK clearing bank base lending rate 12 per cent from August 25 & 26

The immediate picture of falling production and rising retail sales points to higher imports; in parallel, higher unit labour costs could add further upward pressure on interest rates.

The key three-month interbank rate was unchanged at 12 3/16-12⅛ p.c., but the one year rate rose to 12 3/16-12 1/16 p.c. from 12 1/16-11 15/16 p.c. Overnight money touched a high of 12¼ p.c. before easing a little to 11 p.c.

The Bank of England forecast a shortage of around £700m, with factors affecting the market including bills maturing in official hands and a take up of Treasury bills, together with repayment of any late assistance draining £216m. Exchequer transactions took out a further £565m. These were partly offset by a fall in the note circulation of £55m, and banks' balances brought forward a nominal £5m above target.

The Bank gave assistance in the morning of £167m, through outright purchases of eligible bank bills in band 4 at 11 11/16 p.c. In the afternoon, it gave additional assistance of £472m through outright purchases of £10m of eligible bank bills in band 1 at 11⅞ p.c., and in band 4, £10m of local authority bills and £452m of eligible bank bills, all at 11 11/16 p.c. Total help came to £639m.

In Frankfurt, the Bundesbank accepted bids of DM6.9bn for its 29-day sale and repurchase agreement at rates of between 4.40 p.c. and 4.60 p.c. The amount was considerably less than a maturing facility, which drained DM11.7bn from the market, and the market's initial reaction was to push short term rates higher. However, some dealers suggested that the reaction is likely to be short-lived, since liquidity levels are expected to remain adequate.

The Bundesbank also announced its intention not to hold a news conference after tomorrow's meeting of the central council. Traders are not expecting any change in interest rates or credit policies.

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.15) 3 months US dollars		6 months US Dollars	
bid 8 11/16	offer 8 13/16	bid 8 15/16	offer 9 1/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9¾
Fed. funds	8½-⅝
Fed funds at intervention	8 11/16

Treasury Bills and Bonds

One month	6.93	Three year	8.74
Two month	7.51	Four year	8.77
Three month	8.25	Five year	8.80
Six month	8.42	Seven year	8.87
One year	8.53	10-year	8.94
Two year	8.71	30-year	9.03

Nov.15	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.45-4.55	4.60-4.75	4.70-4.85	4.75-4.90	4.80-4.95	5.00
Paris	8⅛-8¼	7⅞-8	8-8⅛	8⅛-8¼	8¼-8⅜	7.25
Zurich	3⅞-3⅞	3¾-4	-	3⅞-4⅛	-	-
Amsterdam	4.75-5.00	5.25-5.28	-	5.27-5.37	-	-
Tokyo	3.65625	4.09375	-	4.34375	-	-
Milan	10½-11	11⅞-12¼	-	11½-12	-	-
Brussels	7.50	7¼-7⅜	-	7¼-7¼	-	-
Dublin	7⅞-7⅝	7½-7¾	7¾-8	7¾-8⅛	8¼-8½	-

LONDON MONEY RATES

Nov.15	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12¼	11⅞	11 13/16	12 3/16	12 3/16	12 3/16
Interbank Bid	11	11 9/16	11 11/16	12 1/16	12 1/16	12
Sterling CDs	-	-	11 11/16	12⅛	12⅛	12
Local Authority Deps.	11½	11⅝	11 11/16	12	12	12
Local Authority Bonds	-	-	12⅛	12¼	12¼	12 1/16
Discount Mkt Deps.	-	11¾	11 11/16	11¾	-	-
Company Deposits	-	-	11⅞	12⅛	12⅛	12⅛
Finance House Deposits	-	-	11⅞	12⅛	12⅛	12
Treasury Bills (Buy)	-	-	11⅝	11 11/16	-	-
Bank Bills (Buy)	-	-	11 11/16	11 11/16	11½	-
Fine Trade Bills (Buy)	-	-	12 3/16	12 3/16	12⅛	-
Dollar CDs	-	-	8.50-8.45	8.90-8.85	8.90-8.85	9.05-9.00
SDR Linked Dep Offer	-	-	7⅛	7⅜	7½	7⅝
SDR Linked Dep Bid	-	-	6⅞	7⅛	7¼	7⅜
ECU Linked Dep Offer	-	-	7½	7⅝	7 11/16	7⅞
ECU Linked Dep Bid	-	-	7⅜	7½	7 9/16	7⅝

Treasury Bills (sell): one-month 11 9/16 per cent; three months 11⅝ per cent; Bank Bills (sell): one-month 11 11/16 per cent; three months 11 11/16 per cent. Treasury Bills: Average tender rate of discount 11.5437 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day Oct.31, 1988. Agreed rates for period November 26, 1988 to December 25, 1988. Scheme I: 13.07 p.c., Schemes II & III: 13.27 p.c. Reference rate for period October 1, 1988 to October 31, 1988, Scheme IV&V: 12.035 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12½ from November 1, 1988: Bank Deposit Rates for sums at seven days notice 3.75 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 9½ per cent; nine-twelve months 9½ per cent; Under £100,000 7 per cent from July 5, 1988. Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Shares firm ahead of US trade news

INVESTMENT SENTIMENT took a modest turn for the better in London yesterday as the stock market settled down to await the September trade figures from across the Atlantic. With the US dollar again in better form, and the latest figures on UK industrial production mainly in line with market expectations, equities managed to regain FT-SE 1800 plus territory, albeit in thin trade.

Although the City of London remains nervous ahead of today's US trade deficit announcement, many market forecasts for the monthly figure have become somewhat more favourable since last week. The concensus City view now is that the US deficit will shrink to around $9bn for September, on a customs or FAS (fare along side) basis, compared with $10.6bn in August. Any larger September deficit number will ring alarm bells in London.

Account Dealing Dates

*First Dealings:		
Oct 31	Nov 14	Nov 28
Option Declarations:		
Nov 10	Nov 24	Dec 8
Last Dealings:		
Nov 11	Nov 25	Dec 9
Account Day:		
Nov 21	Dec 5	Dec 19

*New time dealings may take place from 9.00 am two business days earlier

Equities opened higher yesterday, with an early reading of 1804.6 on the FT-SE scale proving to be almost the day's best level. A steadier dollar and overnight Dow Jones Average, as well as wider publication of President-elect Bush's expressed determination to tackle the twin US deficits, helped London and the market featured an early advance in Plessey as bid rumours circulated once more.

Support was extremely thin, however, and shares gave back most of their early gains. A further rally occurred following news of a 3 pc rise in UK manufacturing output in the September quarter, which was compared with the implications of the rise in UK retail sales for October; analysts were inclined to dismiss the 1.9 pc rise in October sales, announced on Monday, as a "freak", which might be corrected later.

Despite some disappointment with Wall Street's early performance, London held much of its mid-session gain, to close with a rise of 8 points on the FT-SE Index to 1802.3. But a truer picture of the day came from the Seaq trading volume, which slid away further to 341.8m shares. The second half of the session was very quiet indeed, with blue chip trading books balanced ahead of today's US news and special situation stocks largely left alone.

Dealers reported good US demand again for Shell, which has been favoured because its down-stream refining operations are regarded as a defence against low oil prices. Grand Metropolitan, however, made little response to the disclosure that it's tender offer had brought it 79 per cent of the Pillsbury equity. But with the Minorco-Consolidated Gold Fields and Elders IXL-Scottish & Newcastle bids before the UK Monopolies Commission, and the Lloyds Bank-Abbey Life link-up rejected by Abbey shareholders, the takeover sector lacked features.

FINANCIAL TIMES STOCK INDICES

	Nov. 15	Nov. 14	Nov. 11	Nov. 10	Nov. 9	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	88.12	88.37	88.33	88.63	88.49	90.74	91.43 (18/4)	86.28 (2/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.26	97.28	97.20	97.28	97.34	95.34	98.67 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1460.9	1452.5	1461.2	1478.6	1479.8	1310.6	1514.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	178.0	178.8	178.2	178.4	173.8	284.0	312.5 (7/1)	152.7 (22/9)	734.7 (15/2/83)	43.5 (26/10/71)

	Nov. 15	Nov. 14	Nov. 11	Nov. 10	Nov. 9	Year Ago
Ord. Dl. Yield	4.83	4.86	4.79	4.73	4.73	4.73
Earning Yld %(full)	12.14	12.19	12.04	11.91	11.90	11.68
P/E Ratio(Net)(☆)	9.97	9.93	10.06	10.17	10.18	10.47
SEAQ Bargains(5pm)	21,107	27,381	31,891	23,973	23,263	26,011
Equity Turnover(£m)†	-	1218.20	1486.99	1185.53	1135.17	1072.92
Equity Bargains†	-	20,203	32,969	25,846	24,805	30,235
Shares Traded (ml)†	-	467.5	632.4	467.2	490.4	658.2

Ordinary Share Index, Hourly changes

● Opening	● 10 a.m.	● 11 a.m.	● 12 p.m.	● 1 p.m.	● 2 p.m.	● 3 p.m.	● 4 p.m.
	1457.0	1460.2	1462.8	1461.4	1460.4	1461.1	1463.4

DAY'S HIGH 1463.4 DAY'S LOW 1457.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35. Gold Mines 12/9/55, SE Activity 1974, ☆Nil 9.88 †Excluding intra-market business.

● S.E. ACTIVITY

Indices	Nov. 14	Nov. 11
Gilt Edged Bargains	97.0	98.4
Equity Bargains	130.9	213.6
Equity Value	2482.3	3005.6
5—Day average		
Gilt Edged Bargains	103.6	105.9
Equity Bargains	168.2	171.5
Equity Value	2432.5	2292.3

● London Report and latest Share Index: Tel. 0898 123001

Plessey bid talk revives

One of the market's longest running takeover sagas — GEC to renew its bid for fellow electronics group Plessey — resurfaced yesterday with Plessey shares surging to 177½p at one point, before coming off the top to settle a net 8¾ higher at 175½p. Turnover in Plessey expanded sharply to 15m shares.

Suggestions yesterday in the market were that the Ministry of Defence and the Department of Trade and Industry had both indicated they would not oppose a second bid from GEC on the grounds that there are plenty of other defence suppliers to service UK needs.

But opinions in the City on the likelihood of a GEC bid were sharply divided. At least one top analyst expects some sort of action soon after Plessey reveals its interim figures on Thursday. The range for the Plessey figures is from around £76m to £85m.

Others remain unconvinced by the arguments. Mr Chris Tucker at Kleinwort Benson says: "We think this (a bid) unlikely, at least for the moment." But he conceded: "If there is to be a bid for Plessey we would expect it to come from GEC". GEC shares closed 1¼ up at 172½p on turnover of 5.3m.

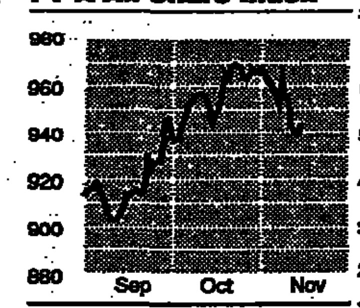
Trials resumed

Beecham, with interim figures due tomorrow, moved to clarify the future of Cromakalim, its potential anti-hypertension product, by reinstating the drug's research programme which was suspended a short while ago. The shares immediately jumped from a small fall to a gain of 6, but later slipped back as the initial flurry of activity gave way to caution. At the close they were unchanged at 268p after turnover of 2.6m.

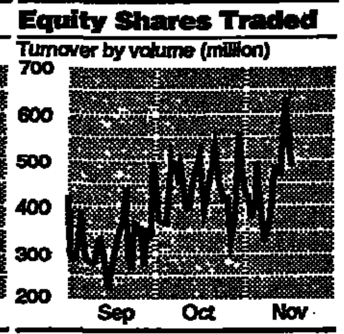
Analysts were divided over the significance of the announcement. Dr Arnab Banerji of Nomura Research said it was positive: "The delay on the product's R&D has been only six months and the isomer being developed alongside Cromakalim looks highly promising." Mr John Aldersley of Citicorp Scrimgeour Vickers preferred a neutral view, saying: "Serious questions remain as to whether Cromakalim or one of its isomers will become a viable anti-hypertension drug."

There was also interest yesterday in news expected from the American Heart Association meeting in Washington and the implications for Beecham's star drug Eminase. There were suggestions that the figures will indicate a surprisingly positive clinical impact. Citicorp Scrimgeour Vickers is forecasting a profit of £215m for the half year.

FT-A All-Share Index



Equity Shares Traded



Airways stall

The most positive element of the interim trading statement issued by British Airways yesterday was the news regarding last month's traffic statistics. For the first time since the merger with BCal the monthly load factor has increased and expectations are that this promising trend will continue.

Profits of £222m at the midway stage marginally exceeded estimates — which had ranged from £215m to £220m — but in lacklustre trading conditions the market showed scant response. Analaysts, however, were more impressed. Mr Tim Coombs of County NatWest WoodMac said: "Cost savings resulting from the merger are beginning to come through and I retain my strong stance on the shares."

Mr Coombs believes British Airways can make £255m for the full year, excluding profits on aircraft sales which may amount to £5m. Shares of BA edged higher before easing back to settle slightly lower on balance at 164p after limited turnover of 1.2m.

International stocks generally improved, but closed below the day's best levels. Glaxo rose 6 to 1036p, while ICI edged 3 better to 1008p. BOC rose 2 to 416p after Monday's figures.

London International Group rose 6½ to 215½p after announcing poor figures which had been largely discounted. Hickson pleased the market with details of its purchase of Wolman from Beazer and the shares rose 10 to 222p.

Among only a handful of movements in oil and gas issues, Ultramar moved up 5 to 232p ahead of today's third quarter figures. Calor shares were also well supported, improving 6 to 380p in front of interim figures scheduled for next Wednesday.

Banks made further modest progress. Dealers noted good support for NatWest, which settled a couple of pence up at 536p after constant bidding on the inter-dealer broker screens. Lloyds were a good market and put on 3 to 322p despite disappointment that the Abbey link-up had been rejected by Abbey holders — County NatWest's John Aitken says: "As things stand the downside is higher than the upside. The shares are a sell unless Lloyds rescues the deal."

Abbey Life held around 274p after turnover of 3m, but other life issues were quietly firm, especially Refuge where bear covering lifted the shares 10 to 450p, after 452p. The composite sector "offering mouth-watering yields" one dealer said, included numerous features, especially Guardian Royal Exchange which leapt 6½ to 177½p on turnover of 3.9m after a major "switch from General Accident into GRE" issued by the County NatWest composites duo Chris Pountain and Simon Willis. Royals, regarded as oversold by traders, put on 7 to 375p.

The on-going disposal of Koppers' assets — the Wolman division has been sold to Hickson for some £37m — stood Beazer in good stead. But the shares were unable to hold the highest level, ending only 2 firmer at 172p, despite County NatWest WoodMac's view that Beazer "could be one of the cheapest situations in the whole of the building industry."

Trafalgar House emerged from a quiet spell, attracting revived investment support which forced the shares 6¼ higher to 314p. Advice to switch from Smith Industries to Dowty made little impression on the former, 3 better at 260p, while takeover hopes lifted Bridon 6¼ to 177p.

Brewery issues had one of their dullest days for months, with dealers seeing little business. Whitbread fell 5 to 302p ahead of today's figures as sentiment reversed. County NatWest WoodMac yesterday advised that the shares' recent improvement had gone far enough and suggested trimming holdings. A cross of 600,000 shares went through after hours. Scottish & Newcastle rose 2 to 389p after news that Elders IXL will not be made to sell the shares it bought after the referral of its £1.6bn bid to the Monopolies & Mergers Commission.

Monday's retail sales and producer price figures which re-emphasised the point that high interest rates were unlikely to put the brake on consumer spending before the spring put some enthusiasm into stores. Storehouse featured a gain of 6 to 176p in turnover of 3m with interest focused on persistent bid suggestions, but dealers insisted that none of it was substantial. "Storehouse have been flat and were ready for a bit of a bounce," a dealer said. Sears also saw speculative demand and rose 2½ to 125p with 3.3m shares changing hands.

Burton rose 4 to 201p in turnover of 1.5m ahead of tomorrow's figures. Dixons, up 2 at 143p, said its US subsidiary Silo had completed the sale of Busy Beaver, its chain of diy stores, for £7m.

Plessey apart, there was plenty of excitement in an electronics arena where several leading companies are about to announce interim figures.

British Telecom, reporting tomorrow, hardened 1½ to 247p on turnover of 4.7m, while Ferranti, after turnover of 5.6m, edged up to 95½p.

Amstrad, a weak market in recent days, staged a good rally and closed 2 higher at 180p — "there were plenty of keen buyers below 180p," said one dealer. Second liners provided the day's worst performer, Alphameric, shares in which plummetted 57 to 183p after the group announced interim profits down from £1.13m to £514,000.

Arthur Lee rose 11 to 152p after a high of 156p. Early suggestions that GM Firth had renewed buying in Lee were denied by dealers who said that another stakebuilder was at work. However, the company said that the amount of shares that had changed hands was too small to point to any significant stock purchases.

Food stocks were uninspired. Unigate's figures were judged slightly disappointing, but the shares gained a penny to 291p. Dalgety rose 3 to 319p, while Bernard Matthews improved 4 to 87p. Retailers came more into favour, with Gateway 4½ to 163½p on turnover of 2m.

Leisure lost some of its recent speculative excitement, but Trusthouse Forte managed a rise of 6 to 267p in turnover of 3.9m. Norfolk Capital shaded to 36½p in less frantic turnover, but dealers are confident that a substantial stake has been accumulated during the last week. Another 17m shares were traded on Monday.

Armstrong Equipment raced 27 higher to 160p on late news of an approach which may lead to a bid. Caparo Industries holds a 10 per cent stake, but traders thought the group unlikely to make an offer. Wardle Storeys, which yesterday reported figures and cancelled a meeting with analysts scheduled for today, was mooted as a possible predator.

Dowty benefited further from Monday's news of the negotiations aimed at the sale of its mining division, rising 6 more to 231p, while Lex Service steadied at 351p following reassuring advice from Kleinwort Benson.

Trading statements helped AAH rise 6 to 275p and Wade Potteries harden to 144p, but left De La Rue slightly easier at 440p. Further consideration of the Jefferson Smurfitt stake raised Scott & Robertson 7 more to 237p.

London Shop jumped 14 to 306p on speculation that Peel Holdings was trying to increase its holding in the company. Warburg Securities were said to be offering 300p per share for in excess of 5m shares.

Land Securities gained 5 to 576p ahead of today's interim figures, while MEPC rose 6 to 566p in turnover of 1.5m. Mountleigh reacted badly to Monday's sacking of Mr John Duggan, the chief executive, falling 6½ to 178p.

Warringtons, the loss-making building contractor turned property developer, rose 8 to 106p on news that it had been granted outline planning permission for a £70m business park development in North Wales.

A revival of speculation that major shareholder Charterhall would soon launch a bid lifted Corah 4 to 65p. The listing of Hugh Mackay was suspended for most of the session but returned late after meetings with Allied Textile had been terminated. Trade sources had earlier suggested that Allied was attempting to renegotiate the terms of its offer. The offer has now been withdrawn, although Allied retains a 30 per cent holding.

Harrisons & Crosfield moved up strongly, gaining 26 to 689p as stories were resurrected of the impending sale of its 30 per cent interest in Harrisons Malaysian Plantations. Suggestions of a management buy-out or a bid from stakeholder Sime Darby added flavour to the speculation which caught most marketmakers running short book positions.

Activity in Traded options was again boosted to a relatively high level by trading in the FT-SE 100 index and in Plessey, reaching 38,161 contracts in total, made up of 24,168 calls and 13,993 puts. The index attracted 8,138 contracts, matched immediately after the close, and holding 2,539 calls and 5,599 puts. Plessey business brought early matched business of 4,790 contracts, lying in 3,949 calls and 841 puts, against the background of bid and business potential talk, and 6,596 on the basis of trades not immediately married, and containing 5,455 calls and 1,141 puts.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 35

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	2,400	142	+2	Commercial Union	3,600	324½	+3	Ladbroke	362	440	+2	Rowntree	328	456	
Abbey Life	50	274	-½	Cons. Gold Fields	199	1204	+10½	Land Securities	778	576	+5	Royal Bk of Scotland	193	344	+2
Allied-Lyons	498	459	+½	Cookson	1,000	263	+6	Laporte	283	393½	+6½	Royal Insurance	730	375	+7
Amstrad	574	180	+2	Courtaulds	1,900	279	+1	Legal & General	541	297	+2	STC	1,400	276	-1
Argyll Group	831	161	+1	Dalgety	274	319	+3	Lloyds Bank	347	322	+3	Saatchi & Saatchi	315	351	-1
Ass. Brit. Foods	104	318	+½	Dixons	662	143	+2	LASMO	771	490	+3	Sainsbury	613	250	+3
BAA	596	285	+2	Eng. China Clays	122	477	+1	Lonrho	4,900	337	-3	Scot & Newcastle	977	389	+2
BAT	704	435	+1	Enterprise Oil	781	548	-3	Lucas	191	565	+1½	Sears	3,400	125	+2½
BET	1,500	227½	+1½	FKI Babcock	2,100	128½	-2	MB Group	2,600	261½	+1½	Shell Transport	997	975	+1
BICC	202	373	+2	Fisons	313	235	-1	MEPC	1,500	566	+6	Siebe	536	390	+4
BOC	940	416	+2	Gateway Corp.	2,000	163½	+4½	Marks & Spencer	1,200	154	+1	Slough Ests	376	318	+1
BPB Inds.	328	257½	+½	General Accident	343	883	-1	Maxwell Comm.	114	200	+3	Smith & Nephew	577	123½	+½
BTR	1,200	289½	+2½	General Elect.	5,900	172½	+1½	Midland Bank	1,250	407	+1	Standard Chartd.	166	457	-2
Barclays	1,000	409	+3	Glaxo	1,200	1036	+6	Nat. West. Bank	722	536	+2	Storehouse	3,300	176	+6
Bass	329	800	+2	Globe Inv.	290	145½	+½	Next	683	166	+2	Sun Alliance	232	1012	+6
Beazer	1,300	172	+2	Glynwed Int.	487	303	+1	Northern Foods	695	288	+½	T&N	651	173	+1½
Beecham	2,600	458		Granada	1,200	329	+1	Pearson	26	708	+4	TSB	2,100	109½	-1
Blue Arrow	668	88	+½	Grand Met.	958	438	+3	Pearl	368	434	+2	Tarmac	1,300	239	+1
Blue Circle	625	437	-1	GUS A	128	1023	-2	P&O	459	559	+2	Tate & Lyle	58	852	+2
Boots	1,900	224	+1½	GRE	3,900	177½	+6½	Pilkington	565	220	+1	Tesco	1,500	133	+2
British Airways	1,700	164	-1	GKN	316	315	+1	Plessey	15,000	175½	+8½	THORN EMI	66	656	+6
Brit. Aerospace	904	473	+4	Guinness	525	333		Prudential	2,000	154	+1	Trafalgar House	3,730	314	+6½
Brit & Comm.	896	233	-1	Hammerson 'A'	355	650	+2	Racal	2,500	294	-1	Trusthouse Forte	3,900	267	+6
British Gas	2,900	162½		Hanson	2,700	147¼	-¼	Rank Org.	68	725		Ultramar	1,700	232	+5
British Land	1,800	355	+11	Harrisons & Cros.	1,030	689	+26	RMC	105	512	+1	Unilever	1,500	459	+1
BP	1,500	245½	-1	Hawker Siddeley	367	539	-5	RHM	708	358	+3	United Biscuits	193	297	+1
British Telecom	4,900	247	+½	Hillsdown Hldgs	362	262	+1	Reckitt & Colman	232	987	+6	Utd Newspapers	801	399	+2
Burmah Oil	292	515	+1	IMI	1,900	203	-1	Redland	129	416	-1	Wellcome	1,500	457	+4
Burton	1,600	201	+4	Imp. Chem.	621	1003	+3	Reed International	617	402	+3	Whitbread 'A'	1,300	302	-5
Cable & Wireless	1,000	379	-1	Inchcape	636	209	-1	Reuters 'B'	730	480	+2	Williams Hldgs	467	351	+2
Cadbury Schweppes	428	355		Jaguar	878	275	-1	RTZ	510	449	+2	Wimpey	378	243	
Coats Viyella	460	170	+2					Rolls Royce	880	132	-½	Woolworth Hldgs	297	240	+1

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (38).

BANKS (1) Guiness Mahon, BREWERS (2) Vaux Grp., Wolv. & Dudley, BUILDINGS (2) Bailey, Hatfield Ests., CHEMICALS (1) Chemory Int'l., ELECTRICALS (4) Audio Fidelity, DDT Grp., Plasmec, Scholes, ENGINEERING (1) Lee (A.), HOTELS (1) Resort Hotels, INDUSTRIALS (5) Celestion, Dean & Bowes, Johnson Cleaners, Reliance Sec. Grp., Scott Robertson, LEISURE (3) Airtours, Cityvision, Virgin Grp., NEWSPAPERS (4) Assoc. News, Blenheim Exhibits, Daily Mail "A", Gardner D.C., PROPERTY (5) Cap. & Reg. Prop., London Shop Prop., Do. Cnv.'94-'99, Do. 9.25pc '99-'04, Warnford Inv., TRUSTS (7) City of Oxford, Derby Tst. Inc., Drayton E. Wrnts. '82-'91, F. & C. Eurotrust, Flemming Far Eastern, Murray Venture Wrrnts., Tranwood, MINES (2) Emperor Mines, Meekatharra, THIRD MARKET (1) ChemEx Int'l.

NEW LOWS (36).

BRITISH FUNDS (3) Treas. 13pc 1990, Exch. 11pc 1990, Funding 6pc 1993, AMERICANS (3) Cullinet, Texas Instr., USX, CANADIANS (4) Abbot Energy, Cons. TVX Min. Corp., Gulf Canada, Nthl Business Systems, BANKS (1) CLF 8.25pc Cv. Pf., BUILDINGS (1) Arthur Shaw, STORES (1) Brown (N.), ELECTRICALS (5) Alphameric, Domino Print, Motorola, Optim Grp., Peek, Personal Comps., ENGINEERING (1) Habit Precision, INDUSTRIALS (1) Pavion Int'l., NEWSPAPERS (1) Portsm'th & Sund., PAPERS (2) Brunning Grp., Hunterprint, PROPERTY (2) Raglan Prop., Zurich Grp., TRUSTS (3) Berkeley Govett & Co., Siam Fund, Triplevest, OILS (1) Sandpiper Oil, MINES (5) Jingellic Mnls., West Coast, Butte Mining, Highwood Res., Homestake Mining, THIRD MARKET (1) UPL Grp.

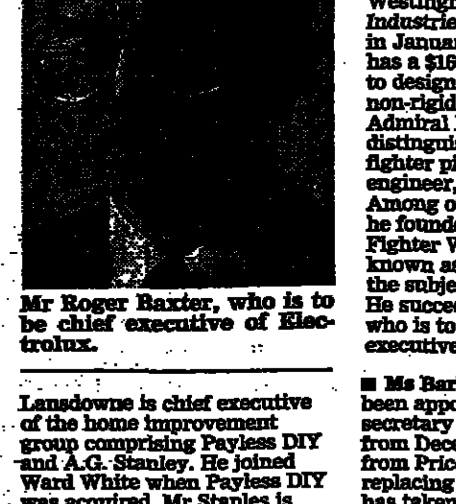
APPOINTMENTS

Management moves at Electrolux

■ From December 1 Mr Roger Baxter, managing director, becomes chief executive of ELECTROLUX. He will have operational responsibility for all household appliance activities in the UK. From December 1 these will include Parkinson Cowan where he becomes executive chairman. The following divisional directors have been appointed: Mr Malcolm Aitken, refrigeration; Mr Alex Sutherland, cookers; Mr Peter Ginger, group components; Mr Keith Hamilton, floorcare; Mr Graham Pannett, microwaves; Mr Michael Leete, leisure products; Mr Jo Parmar, gas appliances; and Mr John Blakeborough, sales, marketing, spares and service, Parkinson Cowan. Mr Phil Fellows becomes finance director for the components and spares and service operations.

■ BRITISH LINEN BANK has appointed Mr Peter West as managing director of its new operating leasing subsidiary, Capital Charter. He was one of the founders of SocGen Lease.

■ Mr Ted Lansdowne and Mr Ian Staples, previously associate directors, have been promoted to directors of WARD WHITE GROUP. Mr Lansdowne is chief executive of the home improvement group comprising Payless DIY and A.G. Stanley. He joined Ward White when Payless DIY was acquired. Mr Staples is managing director of Halfords, and joined following its acquisition in 1986. Mr Dean Haulton, president of Ward White USA Holdings Inc., has been appointed an associate director of Ward White Group.



Mr Roger Baxter, who is to be chief executive of Electrolux.

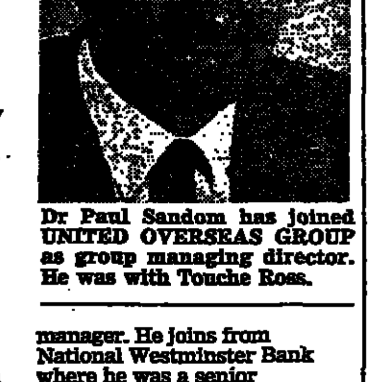
■ Mr Eddie Thomas has been appointed managing director of WIDNEY EUROCRAFT.

Chief executive of Airship Industries

■ Rear Admiral Edward J. Hogan, US Navy (ret'd), has been appointed chief executive of AIRSHIP INDUSTRIES. Admiral Hogan, currently president of the joint venture company Westinghouse-Airship Industries, takes his new post in January. The joint company has a $169m US Navy contract to design and build the largest non-rigid airship ever made. Admiral Hogan has had a distinguished career as a fighter pilot, test pilot, engineer, and administrator. Among other achievements he founded the US Navy Fighter Weapons School, known as Top Gun Academy, the subject of a recent film. He succeeds Mr Mike Hoffman who is to become chief executive of Thames Water.

■ Ms Barbara Simmonds has been appointed company secretary of AVIS EUROPE from December 1. She joins from Price Waterhouse, replacing Mr John Allen, who has taken early retirement. Mr Barrie Dennett has been appointed director of personnel. He joins from Booz Allen & Hamilton when he was director of human resources - Europe.

■ BOSTON SAFE DEPOSIT & TRUST COMPANY (U.K.) has appointed Mr Philip Higton as deputy general manager. He joins from National Westminster Bank where he was a senior manager in the international banking division. Mr Francis Sherry joins the bank as senior manager, personal banking, from Merrill Lynch where he was head of the private banking unit. Mr Kenton Ide becomes senior manager, investment management, transferring from a similar post at head office in Boston, Mass.



Dr Paul Sandom has joined UNITED OVERSEAS GROUP as group managing director. He was with Touche Ross.

■ Mr Donald Brydon has been appointed managing director of BARCLAYS de ZOETE WEDD INVESTMENT MANAGEMENT from January 1, on the retirement of Mr Alan Foster, deputy chairman, and Mr David Moss, vice chairman.

LONDON SHARE SERVICE

AMERICANS – Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
27⅛	19	Texas Instr $1	19xd	–⅛	72c	–	2.0
70	43¼	Time Inc. $1	55xd	–	$1.00	–	1.0
21½	15⅝	Transamerica $1	17xd	–⅛	$1.84	–	5.8
20⅛	13½	TRINOVA Corp.	13xd	–	64c	–	2.6
19	14⅜	USX $1	14⅞	–	$1.40	–	5.2
24	17⅝	Utd Technologies	21⅝xd	–⅛	$1.60	–	4.1
34⅝	26¼	US West	30⅞	–⅛	$3.52	–	6.3
24	16	Waste Management $1	21	+⅛	48c	–	1.2
16⅞	12⅞	Whirlpool $1	13⅞		$1.10	–	4.4
33	18¼	♥Woolworth $3½	27	.....	$1.64	–	3.3

CANADIANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	154p	ABM Gold Corp	174p	–5	–	–	–
32p	9p	♥Abbot Energy Corp	9p	–2	–	–	–
14¼	916p	♥Amer Barrick Res	984p	+13	–	–	–
10p	2½p	American Lightwave	3½p	..	–	–	–
47p	7½p	♥Armeno	9p	.....	–	–	–
76p	37p	Augmitto Explo	45p	–½	–	–	–
14¼	10⅝	Bk Montreal	12⅝	.....	$2.00	–	7.4
769p	514p	Bk Nova Scot.	622p	..	76c	–	5.6
18¼	15¼	BCE	16¼xd	[illegible]	$2.46	–	6.6

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

For Rowlinson see Property

For Travis & Arnold see Travis Perkins

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

LONDON SHARE SERVICE

LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names α Alpha β Beta γ Gamma
Unless otherwise indicated prices and net dividends are in pence and denominations are 25p Estimated price/earnings ratios and covers are based on latest annual reports and accounts and where possible are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices are gross adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- ⌄ Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM. not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3)
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ‡ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ☆ Cover does not allow for shares which may also rank for dividend at a future date No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents d Dividend rate paid or payable on part of capital, cover based on dividend on full capital e Redemption yield f Flat yield g Assumed dividend and yield h Assumed dividend and yield after scrip issue j Payment from capital sources k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment t Indicated dividend cover relates to previous dividend. P/E ratio based on latest annual earnings u Forecast, or estimated annualised dividend rate cover based on previous year's earnings v Subject to local tax x Dividend cover in excess of 100 times y Dividend and yield based on merger terms. z Dividend and yield include a special payment Cover does not apply to special payment. A Net dividend and yield B Preference dividend passed or deferred C Canadian E Minimum tender price F Dividend and yield based on prospectus or other official estimates for 1988-89 G Assumed dividend and yield after pending scrip and/or rights issue H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88 L Estimated annualised dividend cover and P/E based on latest annual earnings M Dividend and yield based on prospectus or other official estimates for 1988 N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross R Forecast annualised dividend cover and p/e based on prospectus or other official estimates T Figures assumed. W Pro forma figures Z Dividend total to date Abbreviations xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p .. γ	71	..
Craig & Rose £1 . γ	700	..
Finlay Pkg 5p .. γ	85	..
Holt (Jos) 25p. .. γ	£11⅞	......

IRISH

Cap 8¼% Ln 1991 .	£99⅝	....
9pc Cap Ln 1996	£103¼	..
Fin. 13% 97/02 .	£124¼	...
Arnotts .... γ	370½xd	.
Carrol Inds .... γ	158	-7
Grafton Grp .... γ	145	...
Hall (R & H) ..	150	.
Heiton Hldgs . . γ	56	...
Irish Ropes .... γ	165	...

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp	36
BSR	7½
BTR	26
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit Telecom	21
Burton Ord	18
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	28
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property

Brit Land	30
Land Securities	52
MEPC	50
Peachey	54

Oils

Brit Petroleum	21
Do (P Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	5½
Shell	85
Ultramar	21

Mines

Cons Gold	100
Lonrho	38
RTZ	40

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

COMMODITIES AND AGRICULTURE

Farm Ministers seek tough line on trade reform

By Tim Dickson in Brussels

THE TWELVE farm ministers of the European Community yesterday adopted a relatively tough position on global agricultural reform ahead of next month's mid-term review of the multilateral trade talks known as the Uruguay Round.

Their declaration, agreed in Brussels, was intended to influence their counterparts in the EC Foreign Affairs Council who gather next week to finalise the EC's mandate for the key Montreal negotiations.

The wording of the text was a compromise between member states, like France, which wish the EC Commission to use the Common Agricultural Policy reforms of the last few years as its main negotiating lever, and others, like the Netherlands and the UK, which are prepared to offer further concessions.

The communique pointed out that "the Community. . . has taken major steps to adapt the CAP. These steps have already had a favourable effect on world prices."

The farm ministers were deliberately ambiguous when it came to discussing the future.

"The short term," they said, "should involve a freeze on support, measured in accordance with the Community proposal, and a reduction to be defined."

As for the long term, "the Council confirms the Community's position that this encompass a reduction of support significantly affecting international trade trade in agricultural products, together with adjustment in protection, a strengthening of the Gatt rules and the minimising of the adverse effect of the health and plant health regulations on trade in agricultural products."

Sceptics point out that yesterday's declaration was little more than a restatement of the original Punta del Este accord which kicked off the Uruguay Round. The unspoken message, however, was that the farm council firmly rejects US insistence that all parties put their names to the ultimate elimination of all farm supports.

Divisions remain at coffee pact talks

By David Blackwell

COFFEE producers and consumers appeared to be as far apart as ever yesterday as talks continued at the International Coffee Organisation in London on the future of the agreement.

The current agreement, which expires in September next year, relies on export quotas to try to stabilise world prices. But as the quotas apply only to the 50 producing and 24 consuming members of ICO, a second market has grown up which allows non-member countries to buy coffee at discounts of 40 per cent or more from ICO producers.

Consumers, particularly the US, are determined to end this so called two-tier market. Producers, while admitting that the two-tier market is undesirable, want the next coffee agreement to continue an export quota system.

Yesterday the idea of a universal quota, under which all coffee exports would be regulated, was again discussed. But producers point out that such a system would lead to severe problems of control and distribution.

Quotas move dairy problems downstream

In our series on EC farm spending, Bridget Bloom studies the most complex regime

"QUOTAS ARE old hat. What matters now is what's happening downstream of the cow, so to speak – in other words, whether we can get more sense into the market for milk products."

It is both an extraordinary testimony to the success of milk quotas and an indictment of the enormous complexity of the regime which regulates dairy matters within the European Community that one of its senior officials can speak thus.

In the last 18 months, the measures which the Community set in train in 1984 to drain its milk lakes, cut back on future milk production and so curb farm spending have had a dramatic effect. Principally through milk quotas imposed on farmers and tighter controls of publicly financed stocks, what once looked impossible has been achieved. The EC's dairy herd has been reduced by around 15 per cent, milk deliveries are down 10 per cent and butter production is nearly a quarter lower. Dairy stocks are down too – with more than 1m tonnes of butter having been disposed of, in special deals, over the past year.

The impact all this is having on the EC's dairy budget is also marked. This year, spending is estimated at Ecu 5.9bn (£3.8bn), marginally down on last year's record of Ecu 6bn. For next year it is forecast at Ecu 4.9bn.

Yet while this is undoubtedly good news for the Community the existence of quotas has further complicated the already complex support system for dairy products. This is resulting in severe distortions of the EC internal market and continuingly high, if no longer record, dairy budgets.

The distortions are most obvious in the milk product market. In particular, the very large subsidies which the EC pays on many milk products – for the use of skimmed milk powder in animal feed for example – has helped create artificial shortages. This is despite the fact that the EC still produces about 20 per cent more milk than it can – without subsidy – consume.

But first the success story. Quotas on milk production were introduced on April 1, 1984 as an alternative to price cuts: the Commission had estimated that to be effective such cuts would have had to be at least 10 per cent and this was considered politically unacceptable.

The EC Commission in Brussels estimates that, without quotas, production would by now have reached 121m tonnes – compared with 103m tonnes in 1983-84 (before the accession of Spain and Portugal). However, the first batch failed to have enough impact. This was partly because the quotas were not low enough and partly because the penalties on over-production proved ineffective.

It was only in December 1986 that measures were agreed which then began to bite. Steps designed to cut production included further cuts in quota (taking the total to 8.5 per cent); a tightening of the rules governing sales of surpluses into publicly-financed intervention stores; and tougher penalties on over-producing farmers.

Additionally, special measures, involving extra spending of some Ecu 3bn which was initially to be charged to member states, were agreed to dispose of the accumulated surpluses of butter and skimmed milk powder.

Although some of the quotas were described as temporary, they have subsequently been extended until 1992 and few people believe they will go then. Reductions in the accumulated stocks, however – as well as the compensation paid on a degressive scale to farmers for loss of income – were seen as "one-off" measures. The stocks fell by 1m tonnes from around 1.3m tonnes, thanks largely to subsidised sales of butter to the Soviet Union and to animal feed manufacturers. At the end of September, butter stocks were 206,000 tonnes.

The combined effect of all these factors, apart from stabilising spending on the dairy sector, has been considerable. Farmers who remain in dairying now have a more stable framework in which to operate, a substantial and marketable new asset in their quota, and, over the last year, gently rising income from milk and markedly better prices for calves, made scarcer because of the declining dairy herd.

Within the EC, the imposition of quotas has affected the structure of the dairy industry: the number of farms running dairy cows is thought to have fallen from 1.8m to 1.4m between 1979 and 1986, while the noted expansion in creameries in the early 1980s has gone into reverse.

There is currently considerable interest in the likely effect of a new regulation which permits free trade within the Community in bulk pasteurised milk: as it happens, the regulation actually comes into force in the UK today. Some observers think it could ultimately spell the end of the monopoly of domestic milk supply exercised by the Milk Marketing Boards, although others believe these fears are exaggerated.

More broadly, the production and stock reductions the EC has achieved have helped firm EC and international prices, as did droughts last season in New Zealand and this summer in the US -

There are still some problems to be resolved which relate directly to quotas – including how far those given the "golden milkshake" to leave dairying in the early 1980s should now, following a judgement of the European Court, be allowed quotas to come back into the industry.

Linked to quotas also is the demand by farmers' organisations for an end to the special imports of New Zealand butter – now allowed at some 74,000 tonnes a year. The Commission has proposed, as part of a package also involving imports of New Zealand lamb,that these quotas should decline to 55,000 tonnes by 1992. Decisions are due soon.

But in general the focus has now shifted away from quotas to operation of the "downstream market", where concerns now being expressed are both technical and highly political. Technically, it is estimated that despite quotas, the EC is producing about 20 per cent more milk or milk equivalent than it can consume at market prices.

About one fifth of the EC's current butter production of some 1.8m tonnes and two thirds of its skimmed milk powder production of 1.45m tonnes is sold only with the addition of hefty subsidies. These amounted to Ecu 2.6bn in 1986 (when the dairy budget was Ecu 5.4bn) and Ecu 2.1bn this year (budget Ecu 5.9bn). An estimated Ecu 1.7bn is provided for next year (total dairy budget Ecu 4.9bn).

These sums are in addition to export subsidies paid to make EC dairy products competitive on world markets (Ecu 2.6bn this year) and to the special sums allocated to dispose of stocks.

The irony is that despite these "structural" surpluses, skimmed milk powder, in particular, has been in short supply recently.

The costs of disposing of these surpluses through their "hidden" subsidies, as well as their distorting effect on the market, poses a dilemma for the EC.

There are those, like UK ministers, who argue that if the subsidies were reduced, the internal market would automatically find a better balance, with shortages disappearing.

On the other hand, however, industries reliant on the use of subsidised raw materials, like those processing milk powder back into calf feed, blame quotas for the shortages and distortions and argue for quota relaxation. And behind them are farmers' lobbies, who fear that any move which decreases the prices of milk product will have a domino effect on the prices of the liquid milk on which farmers depend.

In the last year, the Commission in Brussels has begun to reduce subsidies on skimmed milk powder and casein, the milk protein with a wide range of food and manufacturing uses, but to no great effect. Today, the argument over the remedies for the Community's current structural dairy surpluses, though different, looks as far from resolution as the problems of over-production did nearly a decade ago.

Tungsten import probe sought

By William Dullforce in Geneva

THE EUROPEAN tungsten industry has asked the European Commission to investigate a substantial increase in imports of semi-processed tungsten products at prices which, it alleges, do not adequately reflect the production costs. Most of the imports are from China, the world's largest producer.

Production of tungsten products of all kinds in the 12 EC countries has declined sharply to the point of disappearing, as in the case of ferro-tungsten, the industry claims.

The Commission is examining this appeal from industry, reported last week at the annual meeting of the tungsten committee of the UN Conference on Trade and Development, attended by 25 producing and consuming countries.

In contrast, the US authorities reported favourably on developments on their market following the Orderly Marketing Agreement reached with China last year.

The OMA set quotas for imports of ammonium paratungstate (APT) and tungstic acid (TA) at 900,000 lb a year compared with imports of 3.5m lb in 1987.

Chinese exports of these intermediate products have remained within the quota so far this year but there has been a dramatic increase in US imports from China of tungsten ores and concentrates.

Overall, the Unctad committee concluded, the tungsten market is likely to remain stable in the near future after its recovery from the price collapse of 1986, provided there is no dramatic slowdown in the world economy.

However, tungsten prices are still low enough to discourage mining in many countries and few mines have been reopened.

Production is expected to reach 39,000 tonnes this year, up by roughly 1,000 tonnes from 1987 but still reflecting the impact of the widespread mine closures of 1986.

Consumption, buoyed by unexpectedly sustained industrial demand in the developed countries, is forecast to rise from just over 42,000 tonnes in 1987 to 44,000 tonnes in 1988.

WEEKLY METALS PRICES

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,080-2,125 (2,100-2,160).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 5.90-6.05 (5.75-6.00).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, ingots 6.80-7.25 (6.10-6.60), sticks 6.80-7.25 (6.10-6.60).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 7.35-7.70 (7.00-7.35).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 285-300 (290-310).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.45-3.50 (3.48-3.52).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 9.20-9.40 (same).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO, cif, 55-63 (55-62).

VANADIUM: European free market, min. 98 per cent, VO, cif, 5.90-6.20 (same).

URANIUM: Nuexco exchange value, $ per lb, UO, 14.15 (same).

US boost for rubber agreement

By Wong Sulong in Kuala Lumpur

HOPES THAT the second International Natural Rubber Agreement (Inra) will come into force next January as scheduled have been boosted by news that the US has ratified the accord and that Malaysia and Thailand have resolved their differences over the key appointment of executive director to the 32-member, Kuala Lumpur-based International Natural Rubber Organisation (Inro).

The US, the world's biggest consumer with 14 per cent of the consumer votes, ratified the pact last Friday, to join Malaysia, Indonesia, China and Japan.

Under a comprise reached in Bangkok yesterday, Thailand and Malaysia are to take turns to provide a nominee for the job as Inro executive director, currently held by Mr Pang Soeparto of Indonesia. The Thai nominee will serve for the first half of the agreement. The compromise, reached between Mr Sanan Khachornprasart, the Thai Agriculture Minister, and Dr Lim Keng Yaik, the Malaysian Primary Industry Minister, now clears the way for Thailand, the third biggest producer, to ratify the pact.

For Inra II to come into force, there must be ratification from at least 75 per cent of both the producers and consumers.

Inra I has been in operation for the past seven years, and while it has its critics, it is nevertheless regarded as the most effective commodity agreement today, with its buffer stock manager having operated at both ends of the price range, as buyer and later seller.

Inro delegates are currently in Kuala Lumpur to attend a series of meetings over the next ten days to wrap up the first agreement and to prepare for the second agreement.

The BSM, Mr Aldo Hofmeister, is expected to brief delegates today on his buffer stock sales. During the past 13 months, he had sold most of his stocks of 370,000 tonnes, retaining only about 30,000 tonnes.

The BSM does not believe he will need to enter the market for the rest of the year.

Hot, dry weather hits Australian crop hopes

By Chris Sherwell in Sydney

FORECASTS OF Australia's national wheat crop have been trimmed by 4 per cent over the past six weeks as a result of the hot, dry and windy conditions which hit most growing areas in October and early November.

Latest estimates from the Government's Bureau of Agricultural and Resource Economics, released yesterday, forecast a 1988-89 crop of 13.25m tonnes, down from the 14.1m tonne bumper harvest predicted early last month.

But the Bureau pointed out that the new projection was still 800,000 tonnes more than last year's harvest, and would be achieved on a slightly smaller planted area of 9.05m hectares.

The wheat crop figures are watched closely because Australia is one of the world's top three exporters.

The crop is also a major foreign exchange earner at a time when the country's main economic problem is its current account deficit.

The Bureau said the adverse conditions had spoiled early prospects for a big harvest of winter cereals and legumes by lowering potential yields in New South Wales, Victoria and South Australia.

Crops in Queensland and Western Australia were not affected.

WORLD COMMODITIES PRICES

LONDON MARKETS

LONDON METAL Exchange copper prices came under renewed pressure yesterday, with the cash Grade A position closing at a 4-week low. Traders blamed the £45 fall to £1,702.50 a tonne on a resumption of the US "bear raid" which began last Thursday after prices had reached record levels in dollar terms. The sterling price peaked a week earlier and has since lost £192 a tonne. London traders noted that bullish fundamentals – good physical demand and low stock levels – remained intact, and pointed out that concern over supply tightness was still reflected in the large premium for cash metal over three months. Cocoa prices retreated further from their short term peaks, with the New York market once again providing the lead. London's March futures position closed at £842 a tonne, adding £14 to Monday's £6 fall.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$10.95-1.05q	-0.05
Brent Blend	$13.00-3.05x	-.075
W.T.I. (1 pm est)	$14.29-4.32x	+0.07
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$183-186	+1
Gas Oil	$125-126	
Heavy Fuel Oil	$61-62	
Naphtha	$131-133	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$423.25	+2.25
Silver (per troy oz)♣	642c	+3
Platinum (per troy oz)	$576.0	+6.0
Palladium (per troy oz)	$127.25	+2.50
Aluminium (free market)	$2360	-100
Copper (US Producer)	149⅝-51¼c	-3⅞
Lead (US Producer)	40¾c	
Nickel (free market)	625c	-15
Tin (European free market)	£4120	-10
Tin (Kuala Lumpur market)	13.67r	
Tin (New York)	342.75c	-1.75
Zinc (Euro. Prod. Price)	$1475	
Zinc (US Prime Western)	70⅞c	
Cattle (live weight)†	112.54p	-0.10*
Sheep (dead weight)†	164.93p	-9.50*
Pigs (live weight)†	78.88p	+1.95*
London daily sugar (raw)	$272.2w	+6.2
London daily sugar (white)	$278w	+4.0
Tate and Lyle export price	£259.5	+3.5
Barley (English feed)	£109.5	-0.25
Maize (US No. 3 yellow)	£125.5w	+0.5
Wheat (US Dark Northern)	£117.25	
Rubber (spot)♥	51.75p	-1.25
Rubber (Doc)♥	58.50p	-1.0
Rubber (Jan) ♥	59.25p	-1.0
Rubber (KL RSS No 1 Doc)	272.0m	-2.0
Coconut oil (Philippines)§	$565w	+5
Palm Oil (Malaysian)§	$410	
Copra (Philippines)§	$380w	
Soyabeans (US)	$180.5	-1.0
Cotton "A" index	59.35c	+0.1
Woollops (64s Super)	630p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Oct. x-Dec. w-Nov/Dec. v-Oct/Dec. u-Oct/Nov. q-Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Dec	830	847	849 829
Mar	842	856	859 840
May	834	847	852 833
Jul	836	850	854 836
Sep	840	851	856 839
Dec	868	878	880 872
Mar	874	890	893 873

Turnover: 9124 (3286) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov 14: 1084.22 (1091.02):10 day average for Nov 15: 1063.07 (1055.17)

COFFEE £/tonne

	Close	Previous	High/Low
Nov	1075	1074	1075 1067
Jan	1092	1092	1095 1084
Mar	1095	1095	1098 1088
May	1099	1100	1100 1091
Jly	1110	1105	1104 1095
Sep	1103	1110	1101 1100
Nov	1100	1110	1100

Turnover: 2011 (3407) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov 14: Comp. daily 114.58 (114.83); . 15 day average 113.67 (113.63).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Dec	240.00	246.60	243.60
Mar	231.60	236.00	236.40 231.00
May	225.80	230.00	230.00 225.20
Aug	220.80	224.80	224.80 223.80
Oct	218.80	222.00	222.00 218.00
White	**Close**	**Previous**	**High/Low**
Dec	276.00	281.00	279.00 272.00
Mar	263.00	267.50	267.00 263.00
May	259.00	262.50	261.50 261.00
Aug	258.50	262.00	261.00 257.00
Oct	256.50	258.60	259.00 258.50
Dec	258.00		256.00
Mar	253.00		255.00 253.00

Turnover: Raw 2009 (3092) lots of 50 tonnes. White 1253 (625).
Paris- White (FFr per tonne): Dec 1655, Mar 1585, May 1580, Aug 1560, Oct 1545, Dec 1540

GAS OIL $/tonne

	Close	Previous	High/Low
Dec	125.25	124.50	123.75 124.50
Jan	123.75	123.00	124.00 123.00
Feb	122.75	122.00	123.00 121.75
Mar	119.25	118.25	119.25 118.75
Apr	115.75	115.25	116.25 115.75
May	113.50	114.00	114.00 113.50
Jun	113.00	113.75	114.50 113.00
Jul	113.50		113.50

Turnover 4458 (2205) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Nov	109.00	108.65	109.00 108.90
Jan	112.00	111.80	112.05 111.90
Mar	115.35	115.05	115.35 115.15
May	118.50	118.10	118.50 118.40
Jun	120.00		120.00
Sep	103.10		103.10
Nov	105.35		105.35 105.25
Barley	**Close**	**Previous**	**High/Low**
Nov	105.60	105.40	105.60
Jan	108.55	108.40	108.55 108.50
Mar	111.50	111.50	111.50
May	113.25	113.25	113.25

Turnover: Wheat 190 (87) . Barley 56 (75) .
Turnover lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 13,550 tonne
Cash	2350-5	2420-5		2355-60		
3 months	2280-5	2335-40	2325/2270	2300-2	2295-300	19,946 lots
Aluminium,99.5% purity (£ per tonne)						Ring turnover 1,650 tonne
Cash	1280-5	1330-5	1290/1285	1282-5		
Dec. 21	1265-70	1285-90		1270-5		20,841 lots
Copper, Grade A (£ per tonne)						Ring turnover 24,000 tonne
Cash	1700-5	1745-50	1738	1738-9		
3 months	1524-5	1554-5	1569/1523	1555-6	1526-7	67,902 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1650-70	1670-90		1680-700		
Jan. 4	1590-610	1610-30		1620-40		33 lots
Silver (US cents/fine ounce)						Ring turnover 80,000 ozs
Cash	637-40	635-7		639-41		
3 months	650-3	648-50		651-4		415 lots
Lead (£ per tonne)						Ring turnover 6,500 tonne
Cash	372-4	376-8	375.5	375.5-6		
3 months	369-70	372-3	373/369	375.5-6	370-1	11,160 lots
Nickel ($ per tonne)						Ring turnover 1,290 tonne
Cash	13800-14000	14300-400	14000	14000-100		
3 months	11800-50	11800-900	12100/11729	11850-900	11750-850	5,985 lots
Zinc ($ per tonne)						Ring turnover 9,375 tonne
Cash	1480-5	1500-5	1490/1480	1484-6		
3 months	1395-400	1418-20	1410/1385	1400-1	1380-5	13,137 lots

POTATOES £/tonne

	Close	Previous	High/Low
Feb	72.0	72.0	
Apr	94.8	95.2	95.0 94.0
May	107.0	107.0	
Nov	90.0		85.0

Turnover 241 (347) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Dec	164.50	164.00	164.50
Feb	170.50	170.00	170.50
Apr	170.50	169.50	170.50 169.00
Jun	161.00		161.00

Turnover 57 (130) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Nov	1490	1485	1495 1490
Dec	1545	1540	1545 1535
Jan	1559	1563	1559 1552
Apr	1590	1582	1590 1583
Jul	1397	1385	1403 1394
BFI	1454	1444	

Turnover 284 (384)

COTTON
Liverpool- Spot and shipment sales for the week ended November 11 amounted to 353 tonnes against 609 tonnes in the previous week. Sales were slow with interest mainly in American growths.

JUTE
November/December c and f Dundee BTC $485, BWC $495, BTD $430, BWD $445; c and f Antwerp BTC $465, BWC $445, BWD $405, BTD $415.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	423-423½	234-234½
Opening	422½-423	233½-234
Morning fix	422.80	233.656
Afternoon fix	424.00	234.838
Day's high	425¾-426¼	
Day's low	422½-423	

Coins	$ price	£ equivalent
Mapleleaf	435-440	241-244
Britannia	435-440	241-244
US Eagle	435-440	241-244
Angel	433-438	240-242½
Krugerrand	422-425	233-235
New Sov.	99½-100½	55-55¾
Old Sov.	99½-100½	55-55¾
Noble Plat	593.0-599.8	328.00-331.75

Silver fix	p/fine oz	US cts equiv
Spot	355.45	643.00
3 months	366.20	657.40
6 months	376.55	671.15
12 months	397.80	701.00

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls Jan	Calls Mar	Puts Jan	Puts Mar
Strike price $ tonne				
2200	182	165	68	127
2300	126	137	111	178
2400	84	100	168	239
Copper (Grade A)	**Calls**		**Puts**	
2600	334	260	87	233
2800	218	181	168	348
3000	134	123	278	463

US MARKETS

IN THE METALS, trading was subdued as many await the U.S. trade figures due out Thursday, reports Drexel Burnham Lambert. Gold, silver and platinum markets closed almost unchanged. Copper futures was the days most active metal as prices sank 610 in December. Commission houses were featured sellers throughout the session. In the softs commodities, sugar prices fell 25 as trade groups sold off the market when resistance levels were reached. Origin selling was seen in the coffee market keeping prices from advancing. Cocoa trading was active as prices were down 47 in March. Fund and speculative selling was featured. The grain markets saw increased volume as commercial selling entered the markets. Weak export business was also a factor. Soyabeans had the largest decline as prices lost 13½ in the January. In the meat markets, prices again advanced as poor retail demand is noticed. Recent inventory levels reported by meat packers are said to be decreasing because of the slow down in retail business. The energy markets lost some ground as crude oil prices fell over 30 cents. Local and trade groups were the best sellers with stops orders adding to the decline.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Nov	424.4	423.9	425.7	425.7
Dec	425.6	425.2	428.2	424.4
Jan	428.1	427.7	0	0
Feb	430.3	429.9	433.3	429.3
Apr	435.6	435.1	438.2	435.0
Jun	440.9	440.3	443.5	439.7
Aug	446.6	446.0	0	0
Oct	452.3	451.7	0	0
Dec	457.9	457.3	459.2	457.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	578.2	576.5	582.5	576.0
Apr	576.2	572.7	579.5	573.0
Jul	577.2	573.5	579.5	575.5
Oct	578.7	576.0	580.0	578.0
Jan	583.2	580.5	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Nov	636.8	641.8	641.0	641.0
Dec	639.3	644.5	650.0	639.0
Jan	644.1	649.3	645.0	645.0
Mar	654.5	659.7	665.5	654.0
May	664.6	669.8	673.0	665.0
Jul	675.1	680.3	683.0	680.0
Sep	685.3	690.5	0	0
Dec	700.8	706.0	710.0	707.0
Jan	705.8	711.0	0	0
Mar	717.4	722.6	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	136.90	143.00	142.70	138.80
Dec	129.90	136.00	135.80	129.50
Jan	125.50	129.30	130.50	130.50
Mar	110.00	115.90	115.90	109.50
May	105.20	109.50	109.50	105.00
Jul	103.00	107.00	106.50	103.00
Sep	101.50	104.80	105.00	104.50
Dec	101.00	102.70	102.80	101.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Dec	14.21	14.27	14.38	14.15
Jan	14.07	14.14	14.24	13.97
Feb	13.95	14.05	14.14	13.90
Mar	13.97	14.07	14.12	13.91
Apr	14.00	14.09	14.12	13.94
May	14.02	14.11	14.12	13.96
Jun	14.01	14.13	14.13	14.00
Sep	14.14	14.19	14.14	14.14

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Dec	4505	4463	4535	4435
Jan	4470	4434	4505	4410
Feb	4370	4359	4415	4340
Mar	4175	4149	4185	4140
Apr	3980	3949	3985	3945
May	3870	3839	3885	3830
Jun	3820	3779	3820	3800

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1347	1367	1365	1338
Mar	1386	1433	1429	1381
May	1390	1427	1425	1388
Jul	1399	1438	1418	1395
Sep	1410	1440	1435	1410
Dec	1418	1448	1437	1420
Mar	1448	1475	1463	1445

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	126.94	127.27	127.55	126.15
Mar	127.38	127.60	127.80	126.80
May	126.50	126.60	126.75	126.10
Jul	126.80	126.13	126.40	125.50
Sep	124.75	125.75	0	0
Dec	124.30	124.11	0	0
Mar	125.50	126.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	9.95	10.03	9.98	9.98
Mar	10.21	10.46	10.44	10.17
May	9.95	10.12	10.14	9.92
Jul	9.81	10.00	9.97	9.75
Oct	9.67	9.84	9.82	9.65
Jan	8.65	8.92	0	0
Mar	9.36	9.50	9.50	9.36

COTTON 50,000; cents/lbs

	Close	Previous	High/Low

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	182.30	183.45	184.00	181.80
Jan	170.25	170.65	171.90	168.50
Mar	169.40	169.50	170.10	168.00
May	169.20	169.45	170.05	168.50
Jul	169.00	169.50	170.25	169.00
Sep	166.35	166.95	166.10	166.10
Nov	162.75	162.95	0	0
Jan	160.75	160.95	0	0
Mar	160.75	160.95	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Nov 14	Nov 11	mnth ago	yr ago
1863.1	1868.7	1856.8	1663.3

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	135.41	135.73	133.36	127.82
Futures	138.85	138.66	138.51	130.47

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	743/4	759/0	759/0	743/0
Jan	758/0	771/4	774/0	757/0
Mar	771/0	782/4	785/0	770/0
May	775/0	785/4	788/0	774/0
Jul	775/2	785/2	788/0	775/0
Aug	766/0	777/0	780/0	766/0
Sep	737/0	742/4	745/0	737/0
Nov	717/2	721/2	723/0	717/0
Jan	724/0	728/0	726/4	724/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	22.19	22.42	22.52	22.03
Jan	22.47	22.67	22.78	22.31
Mar	22.95	23.21	23.26	22.81
May	23.46	23.72	23.72	23.32
Jul	23.82	24.10	24.10	23.77
Aug	24.00	24.15	24.25	23.95
Sep	24.20	24.42	24.40	24.20
Oct	24.35	24.45	24.40	24.35

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	246.5	252.0	252.8	246.2
Jan	247.0	251.9	253.0	246.8
Mar	245.7	250.0	251.5	245.5
May	242.7	246.2	247.0	242.5
Jul	239.7	242.2	242.0	239.5
Aug	237.0	237.5	238.0	236.0
Sep	231.0	232.0	232.0	231.0
Oct	222.0	222.0	222.0	219.0
Dec	218.0	217.0	219.0	218.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	266/0	271/4	271/6	265/6
Mar	273/2	279/2	278/0	273/0
May	278/0	282/6	282/6	277/6
Jul	279/2	283/2	283/2	279/0
Sep	268/2	270/2	269/4	267/4
Dec	260/6	262/2	261/4	260/0
Mar	266/0	267/0	266/0	264/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	413/6	420/6	421/2	413/4
Mar	421/2	424/2	426/4	420/0
May	405/2	405/6	407/0	404/0
Jul	384/0	382/2	384/6	382/0
Sep	387/4	386/0	388/4	387/0
Dec	397/0	396/0	397/0	395/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	73.35	72.30	73.47	72.70
Feb	73.92	72.67	74.00	72.90
Apr	75.07	74.12	75.12	74.20
Jun	73.57	72.80	73.65	72.90
Aug	71.32	70.27	71.40	70.35
Sep	70.00	70.00	0	0
Oct	70.37	69.67	70.37	70.00

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	41.05	40.67	41.22	40.65
Feb	45.30	44.92	45.50	44.80
Apr	44.07	43.65	44.17	43.65
Jun	48.30	48.25	48.42	47.87
Jul	48.60	48.60	48.70	48.20
Aug	47.70	47.75	47.85	47.30
Oct	44.65	44.92	45.00	44.62
Dec	45.92	45.95	0	45.60

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	44.87	44.77	45.60	44.65
Mar	45.47	45.22	46.00	45.05
May	47.37	47.02	47.65	46.85
Jul	48.37	48.37	48.90	48.30
Aug	47.52	47.12	47.90	47.45

WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | FRANCE (continued) | GERMANY | GERMANY (continued) | ITALY | ITALY (continued) | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWITZERLAND | SOUTH AFRICA | JAPAN | AUSTRALIA | AUSTRALIA (continued) | HONG KONG | SINGAPORE — November 15

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

2pm prices November 15

[illegible]

†—No voting rights or restricted voting rights.

INDICES

NEW YORK DOW JONES

	Nov 14	Nov 11	Nov 10	Nov 9	1988 High	1988 Low	Since compilation High	Since compilation Low
♦Industrials	2065.08	2067.03	2114.69	2118.24	2183.50 (21/10)	1879.14 (20/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	90.01	89.94	89.99	90.01	91.25 (3/3)	86.12 (4/1)	–	–
Transport	909.08	909.38	923.55	925.36	938.33 (25/10)	737.57 (21/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	182.55	182.56	185.22	184.03	190.02 (29/1)	167.26 (20/4)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2084.82 (2107.04) Low 2050.85 (2063.48)

STANDARD AND POOR'S	Nov 14	Nov 11	Nov 10	Nov 9	1988 High	1988 Low	Since compilation High	Since compilation Low
Composite‡	267.72	267.92	273.69	273.33	282.88 (20/10)	242.63 (20/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	307.73	308.11	315.00	314.61	327.53 (24/10)	277.86 (20/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	24.60	24.58	25.14	25.12	26.42 (20/10)	21.51 (8/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	151.04	151.24	154.09	153.92	159.01 (20/10)	136.72 (20/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	289.40	291.48	294.63	294.04	309.33 (10/6)	262.76 (12/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	372.37	373.76	378.40	377.74	394.77 (18/7)	331.97 (12/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Nov 11	Oct 21	Oct 14	year ago (approx.)
Dow Industrial Div. Yield	3.81	3.54	3.63	3.54

	Nov 9	Nov 2	Oct 26	year ago (approx.)
S & P Industrial div. yield	3.19	3.09	3.07	3.31
S & P Indl. P/E ratio	12.60	13.52	13.65	16.39

TRADING ACTIVITY †Volume Millions

	Nov 14	Nov 11	Nov 10
New York	142.030	135.500	128.920
Amex	5.503	7.102	8.687
OTC	100.765	109.676	105.327

NEW YORK	Nov 14	Nov 11	Nov 10
Issues Traded	1,934	1,927	1,940
Rises	539	288	706
Falls	885	1,238	661
Unchanged	510	401	573
New Highs	6	9	21
New Lows	45	32	36

CANADA

TORONTO	Nov 14	Nov 11	Nov 10	Nov 9	1988 High	1988 Low
Metals & Minerals	2812.4	2797.0	2852.8	2834.6	3226.5 (5/7)	2238.7 (8/2)
Composite	3232.2	3231.1	3259.3	3262.2	3465.4 (5/7)	2977.9 (8/2)
MONTREAL Portfolio	1593.50	1591.33	1604.97	1603.42	1723.71 (5/7)	1305.06 (27/1)

NEW YORK ACTIVE STOCKS

	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Texas Utilities	4,978,500	28⅜	+ ⅛	Exxon	1,453,900	42⅞	+ ⅛
RJR Nabisco	1,989,300	88⅜	− ⅜	Sears Roebuck	1,350,500	40⅞	+ ⅛
Niag Mohawk (xd)	1,758,300	12⅞	− ½	IBM	1,327,500	117⅛	+ ½
Gen Electric	1,729,900	44⅛	− ¼	USX Corp	1,300,900	26⅞	− ¼
AT&T	1,537,100	27⅞	− ¼	Allegiany	1,299,300	35¼	+ ⅛

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Nov. 15	Nov. 14	Nov. 11	Nov. 10	1988 High	1988 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1523.1	1526.9	1558.2	1564.1	1657.8 (9/8)	1170.7 (10/2)
All Mining (1/1/80)	729.7	728.8	744.5	752.0	847.8 (9/8)	532.4 (10/2)
AUSTRIA						
Credit Aktien (30/12/84)	220.20	220.60	223.40	224.40	225.48 (4/11)	163.98 (11/2)
BELGIUM						
Brussels SE (1/1/84)	5307.9	5323.9	(c)	5383.0	5383.00 (10/11)	3608.35 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	240.80	240.39	241.62	243.81	247.87 (1/11)	180.68 (4/1)
FINLAND						
Unitas General (1975)	722.7	724.4	728.1	728.7	772.1 (8/8)	530.6 (15/1)
FRANCE						
CAC General (31/12/82)	390.2	390.4	(c)	395.6	397.2 (9/11)	251.3 (29/1)
Ind. Tendance (31/12/87)	149.8	149.7	(c)	152.2	153.4 (4/11)	89.7 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	523.55	518.17	518.25	524.33	542.21 (27/10)	396.40 (29/1)
Commerzbank (1/12/53)	1580.5	1566.10	1566.20	1583.6	1641.60 (27/10)	1207.9 (29/1)
DAX (30/12/87)	1262.54	1261.84	1252.18	1263.34	1314.98 (28/10)	931.18 (28/1)
HONG KONG						
Hang Seng Bank (31/7/64)	2568.58	2537.99	2583.74	2577.01	2772.53 (12/7)	2223.56 (8/2)
ITALY						
Banca Com. Ital. (1972)	571.88	575.09	591.58	591.61	593.43 (9/11)	423.91 (9/2)
JAPAN**						
Nikkei (16/5/49)	28829.41	28520.90	28489.57	28166.42	28829.41 (15/11)	21217.04 (4/1)
Tokyo SE (Topix) (4/1/68)	2234.15	2219.69	2212.62	2176.57	2253.10 (2/8)	1690.44 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	270.7	270.7	272.8	275.9	285.8 (26/10)	205.7 (4/1)
ANP-CBS Industrial (1970)	235.5	234.9	235.8	239.9	252.6 (31/10)	157.9 (11/1)
NORWAY						
Oslo SE (4/1/83)	415.29	418.49	419.04	420.12	423.64 (21/7)	327.78 (28/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	997.83	1002.65	1015.03	1014.12	1177.87 (8/8)	833.60 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1345.0♦	1347.0	1365.0	1380.0	1451.0 (7/7)	1154.0 (4/5)
JSE Industrial (28/9/78)	1850.0♦	1848.0	1858.0	1863.0	1869.0 (2/11)	1387.0 (12/2)
SPAIN						
Madrid SE (30/12/85)	285.00	285.57	289.47	291.31	301.63 (15/6)	225.50 (4/1)
SWEDEN						
Jacobson & P. (31/12/56)	3150.80	3167.00	3213.40	3238.80	3267.33 (4/11)	2148.5 (4/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	567.1	566.5	568.3	573.0	582.3 (21/10)	466.6 (13/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	476.1	479.0	476.3	479.0 (14/11)	401.0 (21/1)

**Saturday Nov. 12: Japan Nikkei (c) and TSE (c)

♦ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday 15 November 1988

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	151.9m	909	+41	Kobe Steel	28.5m	780	+15
Kawasaki Steel	81.2m	1,120	+70	Showa Denko	18.1m	858	+21
NKK	65.7m	910	+28	Mitsui Real Estate	16.4m	3,110	+90
Sumitomo Metal	45.0m	765	+22	Kawasaki Heavy Ind	13.0m	818	+8
Nippon Yusen	32.2m	904	+16	Mitsubishi Heavy Ind	12.3m	1,010	+10

3pm prices November 15

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on Page 51

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
120	100½	RJR pf	11.50	11.		1	104	104	104	− ¾
11⅞	5½	RLC	.20	1.9	7	392	10½	10¼	10½	+ ⅛
12½	7⅞	RLI Cp	.36	4.6	5	155	8	7⅞	7⅞	− ⅛
6⅞	3½	RPC			16	66	5⅝	5⅝	5⅝	− ⅛
31¼	30⅛	Racal n				1763	30⅞	30¼	30⅞	− ⅛
2⅛	⅞	Radice				4	7-16	7-16	7-16	+ 1-16
88¾	57⅞	RalsPur	1.50	2.0	14	1228	77¼	76⅝	76⅝	− ⅛
10¾	5	Ramad				1454	9⅛	8⅞	9	+ ⅛
6½	3½	RangrO			42	232	5¼	5	5	− ⅛
34¾	33	Raycm	.32	.9	11	884	36⅞	35½	36⅞	+ ⅝
12½	8⅝	RJamFn	.16b	1.6	10	15	10	9⅞	10	+ ⅛
21⅝	14⅝	Rayonr	2.60	13.	8	70	20⅝	20⅛	20⅛	− ⅛
73⅞	57¼	Raythn	2	2.9	10	282	68⅝	68¼	68⅝	+ ⅛
2½	½	ReadBt				415	⅝	½	½	− 1-16
6	1½	RdBat pf				40	1⅞	1⅝	1⅝	
4	1⅝	RdBt pfA				25	1⅝	1⅝	1⅝	+ ⅛
19	15½	REIT	1.34	8.2	15	18	16⅜	16¼	16⅜	
16½	14	RItRel	1.72	11.	9	7	15	15	15	
11⅛	5½	RecnEq			25	1014	9⅛	8⅞	9	− ⅛
10⅜	5¼	Redmn	.36	3.7		29	9¾	9⅝	9⅝	− ⅛
18⅜	8½	Reebok	.30	2.5	8	1293	12¼	11⅞	12	− ⅛
12⅞	8⅛	Reece	.16e	1.3	17	30	12	11⅞	11⅞	− ⅛
1⅛	5-32	Regal				56	7-32	5-32	7-32	+ 1-16
6¾	4¼	RegFn	.25e	4.0		139	6⅝	6¼	6¼	
16⅞	12⅞	ReichTg	1.76	12.	9	58	14¼	14	14¼	− ⅛
7½	4½	RelGrp	.32	6.7	6	141	4¾	4⅝	4¾	+ ⅛
6⅞	4½	RepGyp	.20	4.2	24	19	4¾	4½	4¾	+ ⅛
48¼	38½	RepNY	1.20	2.8	10	46	42⅞	42¾	42⅞	
23¼	16	Rxene	n.15e	.9		129	17⅛	16⅞	17	
58	34	ReyMtl	1	2.0	7	1136	51¼	51	51⅛	+ ⅛
40⅞	29¼	RiteAid	.74	2.1	16	281	35¼	35	35	
1	½	RvrOak				40	½	½	½	
16½	9⅛	Robtsn				20	9⅞	9⅝	9⅝	

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
11⅞	10⅛	StaMSe	1.12a							
6	3	Steego	.08r							
12⅞	8⅛	SterBcp	.80							
17¼	15	StrlCh n								
10	5⅞	Stifel								
73¾	57¼	StoneW	2.40							
39½	17½	StoneC	s .36							
8⅞	6	StonRs								
7-16	1-16	StonR rt								
13¼	10¼	StorEq	1.40							
2⅞	1½	StorTch								
19⅞	12	StratMt	1.92e							
33⅞	13⅛	StridR	s .60							
9	6⅛	SuavSh								
9⅝	6⅝	SunDis	1.01e							
16⅞	6⅝	SunEl	.05e							
17⅞	11⅛	SunEng	1.25e							
28	23¼	SunEx	n1.20							
34	28	SunCo	n1.90							
68	38	Sundstr	1.80							
6	3½	SunMe								
9⅝	7⅞	SunM	pf1.19							
24½	17½	SunTrst	.76							
28⅞	16	SupValu	.50							
27⅞	11⅞	SybilTc	s							
12⅝	7⅞	SymsCp								
43½	28⅛	Syntex	1.30							
36⅞	23¼	Sysco	.36							
9⅛	3½	Systint	.20e							
		– T –								
13⅞	6⅛	TCBY	.04							
8⅛	6⅛	TCW	.84							
81	60	TDK	.52e							

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
50¾	47	Xerox pf	4.13	8.5		16	47⅞	47⅞	47⅞	− ⅛
38⅝	18⅛	XTRA	.72	2.1	14	55	34⅛	33½	34	+ ⅛
59¾	19⅞	Yorkin			15	205	54⅞	54	54	− ⅛
3⅞	2¼	Zapata				303	2⅝	2½	2⅝	
27⅛	13½	Zayre	.40	1.6	170	2053	26	25½	25½	− ⅛
15½	8¾	Zemex	.40	2.9	18	10	14	14	14	− ⅛
30	13	ZenithE				864	19	18⅝	18¾	+ ⅛
10¾	9½	Zenin n	.49e	4.9		461	10	9⅞	10	
4¼	1	vjZenLb				844	2½	2⅛	2⅜	
21⅝	13⅛	ZenNtl	.80b	5.0	7	23	16⅛	15⅞	16	− ⅛
17¾	11¾	Zero	.44	2.6	15	379	17¾	17	17⅛	− ⅛
29	15½	Zurnin	.88	2.6	16	90	26½	25⅞	26⅛	+ ⅛
11⅛	8⅛	Zweig	1.04	10.		177	10⅜	10¼	10⅜	+ ⅛
10⅛	9⅞	ZweigT	n.05e	.6		603	10	9⅞	10	+ ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices November 15

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Prssd A	.10		103	5½	5¼	5¼	+ ⅛
ProsCm		1	157	6⅛	5⅞	5⅞	− ⅛
ProfCre			27	1½	1½	1½	
– R–R –							
RAC n	1.12e		76	9⅜	9¼	9⅜	+ ⅛

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 3pm prices November 15

[illegible]

AMERICA

Hesitation before deficit figures keeps volume low

Wall Street

TRADING in equities was very quiet on Wall Street yesterday, in spite of the release of key figures on industrial production and retail sales, as traders preferred to remain cautious before today's US trade figures, *writes Janet Bush in New York*.

The Dow Jones Industrial Average gained around 10 points in early trading as the *dollar bounced in response to a* stronger-than-expected 0.9 per cent rise in US retail sales during October. However, the equity market gave up some of these gains as the dollar then came under pressure once again.

At 2 pm, the Dow index stood 6.58 points higher at 2,071.66 on low volume of 63m shares by midsession.

The dollar reached a high of Y123.65 after yesterday's retail sales data but then slumped back to Y123.25. Trading was quiet and cautious because of today's trade figures, which are expected to show a deficit in September of between $10bn and $11bn compared with $12.2bn in August.

The Treasury bond market reacted negatively to the retail sales number, which showed a revision to September's report *to a fall of 0.3 per cent from the* 0.4 per cent decline previously reported.

Also released yesterday were figures for industrial production, which showed that production rose by 0.4 per cent in October, in line with expectations. On balance, however, this was interpreted as a strong set of figures with production in the two previous months being revised upwards.

*Although a great deal of dis*cussion in financial markets over the past couple of weeks has revolved around concern about the dollar, whether interest rates are headed higher because of continuing strength in the economy and the long-term problems faced by the Bush administration, the malaise in the stock market also reflects one other very *simple factor*.

That is that the Dow Jones index once again reached a post-crash high, of 2,183.50, on October 21. Every time the market has clawed its way to a *post-crash* peak this year, a gradual, drifting movement has followed.

Plainly, there is little to boost the equity market much further, given all the above uncertainties and a belief that we are nearing the end of an abnormally long economic upswing and that corporate profits have probably peaked.

A market which had been buoyed largely by takeover speculation was due for a downward adjustment.

Some attention was paid yesterday to the announcement by Paine Webber that it had reduced the stock exposure in its model portfolio to 19 per cent from 22 per cent and its recommended bond exposure to 35 per cent from 39 per cent. Mr Ed Kerschner, the company's portfolio strategist, was *reported to have said that the* stock market would have to drop at least 23 per cent before his model stopped sending out bearish signals.

Among featured stocks was Prime Computer, the most actively traded issue on the New York Stock Exchange in morning business, which added $1⅞ to $17⅝ after news that MAI Basic Four, a manufacturer of superminicomputer *systems, has started a tender* offer to buy all outstanding common shares of Prime at $20 a share. MAI fell $⅞ to $11½.

West Point-Pepperell gained $1¼ to $43 after a federal judge denied *the company's request* for an injunction to block investor Mr William Farley from proceeding with his $48-a-share tender offer for the company.

J.C. Penney, the leading retailer, rose $1 to $53 after it announced a slight rise in its net earnings in the third quarter to $1.17 a share compared with $1.14 a share a year earlier.

International Flavours & Fragrances gained $1½ to $46⅛ after declaring an increased quarterly dividend of 48 cents a share compared with 40 cents previously.

Veeco jumped $1⅛ to $22⅞ after it said it had resumed negotiations with a party which had expressed an interest in acquiring the company for $26.50 a share.

Microsoft slumped $2 to $46½ on the OTC market.

Canada

DECLINES outnumbered gains in Toronto by midsession yesterday, but the composite index rose as support for the US/Canada free trade pact increased. A poll showed support for the pact at 32 per cent, up from 26 per cent a week *ago*.

Investors were discouraged, however, by the approach of the US trade deficit report, due today, and by a fall of the Canadian dollar.

The index rose 8.1 to 3,232.2 as declines outweighed advances 226 to 199 on volume of 9m shares.

Cambridge Shopping Centres was unchanged at C$26½ after it said it would buy up to *1.265m of its own shares*.

Loewen, Ondaatje, which reported lower earnings, was up 15 cents at C$4.90.

Deregulation moves help perk up Portugal

One of Europe's laggards is seeing renewed foreign interest, writes **Diana Smith**

Portugal's broking community has responded enthusiastically to the Government's plans to begin deregulating the country's two bourses early next year.

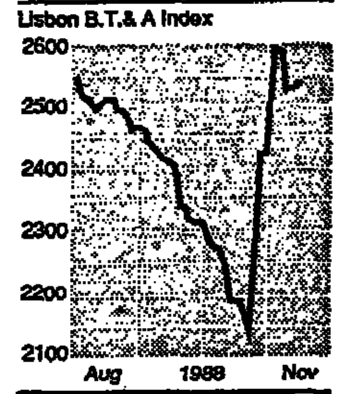
Until now, the equity market – which appears finally to be waking up from a rather long slumber earlier in the year – has been run by the Finance Ministry. The ministry has often been criticised for introducing and withdrawing incentives, for switching operating rules frequently and for failing to act swiftly after last October's crash, which had a particularly severe effect on the sister markets of Lisbon and Oporto.

The Portuguese Treasury has announced four goals for 1989 in response to recommen*dations from the World Bank* that the bourse be given more independence and that operators, not officials, devise the rules. They are:

- A national bourse that harmonises operations and prices at Lisbon and Oporto. At present, companies listed on both exchanges are quoted at widely differing prices and brokers cannot operate in both cities.
- A single bourse commission supervising both cities.
- Gradual autonomy for this commission. The stock exchange commission is currently appointed and supervised by the Finance Ministry. The Government intends gradually to turn over powers to a commission that in future will be made up of bourse operators. The change will not happen overnight but operators are glad to see the dawn of some degree of autonomy.
- More efficient clearing and settlement and more detailed information. Clearing and settlement have improved *recently thanks to more auto*mation, but they remain imperfect and investors, especially foreign ones, complain constantly of the lack of detailed, published research on listed companies. This should improve early next year when a system devised by MDM, the investment firm owned by Deutsche Bank, and Lisbon's Institute for Economic and *Financial Studies begins to* produce fortnightly research.

Portugal

Lisbon B.T.& A Index



In spite of complaints about information, international institutions have been increasing their activity in the past month, accounting for 60 per cent of new business on the Portuguese bourse. Overseas investors have been chasing the best-known shares in the financial, industrial and tourism sectors, helping to push prices higher.

Some blue chips have jumped by between 50 and 60 per cent in value, boosting the BTA General index by 17.4 per cent over the past four weeks to its closing level yesterday of 2,538.8.

Mr Joao Rendeiro, manager of Gestifundo, says Portugal has finally begun a sustained convalescence

Turnover levels have been improving steadily since late last month, when volumes shot up by 20 per cent. Daily turnover has since been exceeding $4m in value after a long period of hovering around the $2.5m mark.

For the first time this year, clusters of small investors are gathering to watch the Lisbon bourse computer screens. The individual investor is, however, *still feeling badly bruised* by last year's crash, and tends to play it safe by investing in unit trusts.

A crop of new closed-end investment funds – specialis*ing in stocks or bonds and* worth about $25m to $30m each – will soon be available to institutional investors, helping to boost the bourses' liquidity. The funds will be managed by established firms like MDM, CISF, Gestefundo and BPI.

There are now 192 listed companies - four times as many as at the beginning of last year - making Portugal a *larger market than Greece or* Turkey.

The Portuguese market was a source of concern earlier this year when it failed to pick up speed alongside other European bourses. However, analysts now believe investors' perceptions of a fairly buoyant economy, good available paper and more autonomy for the market will bring new activity to the bourse.

SOUTH AFRICA

GOLD stocks closed mixed to lower in Johannesburg yesterday, although a rise in the bullion price in the afternoon did encourage an increase in activity in the sector.

Vaal Reefs dropped R2 to R275, Ofsil lost R1.75 to R73, Freegold slipped R1 to R30, while Driefontein gained 25 cents to R34.75 and Kinross added 75 cents to R37.25.

Barlow Rand, the industrial and mining group, which announced a rise in annual operating profit of almost 50 per cent on Monday, was one of the most heavily traded shares. It was unchanged at R25.75. Most of the industrial sector was steady to firmer.

***Diamond stock De Beers* eased 95 cents to R41.10 and Rustenburg Platinum shed 25 cents to R46.50.**

ASIA PACIFIC

Nikkei touches third high in a row

Tokyo

RELIEF over currency movements helped bolster investor confidence and share prices soared to yet another record high in Tokyo yesterday, *writes Michiyo Nakamoto in Tokyo*.

The Nikkei average jumped by 308.51 points to 28,829.41, *while the TOPIX index of* all listed stocks advanced 14.46 to 2,234.15. Turnover rose markedly to 1.1bn shares from 582.4m on Monday.

Issues that moved up far outnumbered those that fell by 632 to 270. In London, there was more support for Japanese stocks, with the ISE/Nikkei 50 index up 6.95 at 1,816.76.

The mood in Tokyo was very bullish as prices rose over a wide range. Analysts pointed to the psychological impact of the break-out from the 27,000-28,000 range which the index had maintained since the summer.

Even a slight weakening of the yen against the dollar had an uplifting effect, as the market was relieved to see the Japanese currency take a breather in its rise against the dollar.

Changes in the top manage*ment of leading brokers is also* spurring those firms to increase their activity and investors are responding favourably to such efforts, said one analyst.

Yesterday saw a sectoral rotation back to the large capital steels, which returned to the top slots in trading activity and posted significant gains. Nippon Steel, the most active issue at 151.9m shares, advanced Y41 to Y909. Kawasaki Steel, second in volume at *81.2m shares, rose* Y70 to Y1,120. NKK, third at 65.7m shares, added Y28 to Y910.

Consumer stocks, which had been featured in the past few sessions, saw some individual gains in issues selected as laggards.

Trading in Osaka was likewise buoyant and volume recovered significantly. The OSE average rose 299.81 to 26,357.21.

Roundup

THE STEADY dollar and Tokyo's new high helped shares rise in Hong Kong, but worries about the size of the US trade deficit meant Australia and Singapore closed lower in lacklustre trade.

AUSTRALIA made a firm start on the feeling that stocks had been oversold on Monday, but shares later fell with the market nervous before today's release of US trade figures. The All Ordinaries index slipped 3.8 to 1,523.1 on turnover of 104m shares worth A$210m.

CSR, down 4 cents at A$4.50, topped the turnover table, with one "special" trade of 9.8m shares – about 1.6 per cent of the equity – changing hands at A$4.60. A "special" is a matched deal worth more than A$500,000 traded outside the market. There were few indications as to who was behind the deal, which was handled by brokers Ord Minett. Pioneer Concrete was rumoured to be the seller, but the company subsequently denied any involvement. There was also unsubstantiated *talk that IEL* might have been the seller.

HONG KONG rebounded from Monday's losses on the steady dollar, Wall Street's stability and Tokyo's new high. The Hang Seng index ended at the day's high of 2,568.58, up 30.59 on turnover of shares worth HK$683m.

Trading in Hongkong-TVB, the colony's leading television station, was suspended after the share price plummeted HK$4.90 to HK$9.30 amid much confusion. Dealers thought *they were trading the shares of* a television company, whereas in fact TVB had spun-off its television interests in a key restructuring earlier this month. As soon as this "false market" was discovered, the stock was suspended at the company's request.

SINGAPORE closed below the psychologically important support level of 1,000 as institutional investors refused to commit themselves before the release of today's US trade figures. The Straits Times industrial index lost 4.82 to 997.83 in thin trading.

TAIWAN rose for the third *consecutive day as volume* reached an all-time high of 746m shares worth T$68.8m. The weighted index closed 135.73 higher at 6,999.70.

EUROPE

Corporate news enlivens Frankfurt

A CROP of corporate news pushed Frankfurt into the spotlight, while most European bourses sat tight before today's US trade figures, *writes Our Markets Staff*.

FRANKFURT held steady in moderate trading with dealers reluctant to take positions before today's national holiday and the release of the latest US trade figures. There were early gains on good corporate news from car group VW and tyre *maker Continental*, but later statements on dividends from Nixdorf and Siemens depressed sentiment. At midsession the FAX index was 5.38 higher at 523.55, and at the close the DAX index was just 0.7 better at 1,262.54.

VW closed unchanged at DM308.50 after announcing a near 7 per cent rise in nine-month profits to DM419m, although one analyst was disappointed with the news that VW's net profits were growing at a slower rate than sales. Continental jumped DM5.70 to DM264.50 after three-quarter group sales rose 60 per cent.

However, Nixdorf's revelation that its 1988 divided would probably be lower than the DM10 it paid out in 1987 sent a shudder through the market, and the computer group's shares dropped sharply to close DM15.50 lower at DM390.50. Nixdorf's problems stem from staff costs running ahead of sales growth, said a London-based analyst.

On the heels of Nixdorf's *announcement came one from* electronics group Siemens, which confirmed that the company would keep its dividend for the year steady at DM11. Siemens also released preliminary figures showing annual net profit up by just under 10 per cent to DM1.4bn this year. Although the results and unchanged dividend were in line with expectations, Siemens shares still ended DM3 weaker at DM470.

PARIS provided fewer features than in recent sessions as investors focused on currencies, inflation and interest *rates before today's US trade* figures.

A rise in the overnight money rate to 8¼ per cent from 7$\frac{15}{16}$ per cent worried the market, and the CAC General index fell 0.2 to 390.2. The OMF 50 index lost 1.46 to 404.53.

Peugeot picked up speed after a newspaper report which said the car maker expected record profits and sales this year. It rose FFr26 to FFr1,191.

Essilor, the lens maker, added FFr205, or 6.6 per cent, to FFr3,305, regaining ground lost after news of its apparently defensive link-up with glass maker St Gobain.

CCF, the privatised bank, was active again as rumours of changes in the hard core shareholdings remained, but it closed steady at FFr170.10.

MILAN opened easier on technical selling on the last day for exercising monthly options contracts before the opening of the new account. However, a late rally on fundamental strength left the Comit index only 3.21 lower at 571.88.

"The underlying *tone of the* market remains positive and there should be some good buying at the start of the new account tomorrow so long as the US trade figures are not disastrous," said one analyst.

Gemina, the Fiat-controlled holding company, rose L24 to L1,845 on the strength of Monday's statement from chairman Mr Cesare Romiti that the com*pany plans to acquire a stake* in a non-Italian bank.

Credito Italiano and BCI were both firmer – up L24 at L1,575 and L60 at L3,059 respectively – on expectations that their full year results will be boosted by the sale of their majority stakes in merchant bank Mediobanca. Mediobanca eased L50 to L19,650.

AMSTERDAM closed mixed in quiet trading with dealers and investors holding back until today's US trade figures. The CBS all-share index ended 0.2 up at 97.1.

Aircraft group Fokker rose 10 cents to Fl 23.70 on going *ex-rights, while construction* company HBG added 50 cents at Fl 162 after saying it expected to see second half profits rise by 6 per cent. Unilever eased Fl 1 to Fl 113.20 despite Monday's news of 14 per cent higher third quarter profits.

STOCKHOLM focused on company results, with Atlas Copco reporting yesterday and a rash of others due tomorrow. But worries over domestic and US trade balances curtailed trading and the Affärsvärlden index lost 1 to 935.3.

Atlas Copco, announcing 42 per cent higher nine-month profits after the market closed, added SKr2 to SKr243. The results were better than expected and in later trading in London the stock rose to SKr247.

Among those issues reporting tomorrow, Volvo eased SKr1 to SK335 , Astra A shares added SKr3 to SKr198 and Ericsson put on SKr2 to SKr304.

MADRID had another difficult day, depressed by the wait for the US trade data and with little domestic news to stimulate demand. The general index eased 0.23 to 285.34 and turnover stuck at low levels.

ZURICH was also quiet, with the Crédit Suisse index edging up 0.7 to 487.4.

Brown Boveri bearers put on SFr40 to SFr2,715, and the participation certificates climbed SFr1 to SFr364, amid reports that BBC had boosted its stake from about 10 per cent to over 50 per cent in Gewerbebank of Baden. The news confirmed rumours that had been in the market for a while and also raised questions about how the acquisition would be funded, *said one salesman*.

BRUSSELS was hesitant after a 0.05 point cut to 7.15 per cent in the three-month Treasury bill rate and shares finished mixed to unmoved in low volume. Other factors keeping investors away were worries about Wall Street's direction and the weak dollar.

One exception to the trend was tourism company Wagons-Lits, which found BFr100 to BFr6,800 in moderate volume of 3,500 shares as takeover speculation continued.

HELSINKI saw activity dry up, with turnover at a record low FM27.6m, down from Monday's thin FM38.2m. Most shares declined, with the Unitas all-share index off 1.7 at 722.7.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY NOVEMBER 14 1988					FRIDAY NOVEMBER 11 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (91)	147.73	−2.8	121.10	115.65	4.37	151.96	124.09	118.40	152.31	91.16	96.76
Austria (17)	96.98	−1.4	79.50	88.04	2.44	98.34	80.31	88.76	98.34	83.72	90.56
Belgium (63)	131.88	−1.8	108.11	120.01	4.22	134.26	109.64	121.35	139.89	99.14	102.80
Canada (125)	116 10	−0.4	95.18	103.36	3.36	116.60	95.22	103.22	128.91	107.06	102.61
Denmark (39)	146.76	−1.0	120.31	134.53	2.24	148.21	121.03	135.21	148.99	111.42	108.92
Finland (26)	129.49	+0.2	106.15	112.59	1.49	129.19	105.50	111.89	139.53	106.78	—
France (130)	109.65	−2.1	89.89	102.51	3.16	111.95	91.42	104.09	111.95	72.77	86.69
West Germany (102)	85.14	−0.6	69.80	77.22	2.41	85.67	69.96	77.23	87.49	67.78	77.25
Hong Kong (46)	104.35	−1.4	85.54	104.52	4.86	105.84	86.43	106.10	111.86	84.90	88.48
Ireland (18)	129.59	−1.2	106.24	119.35	4.18	131.20	107.14	120.32	144.25	104.60	107.65
Italy (100)	83.92	−3 2	68.80	81.42	2.48	86.73	70.82	83.88	86.73	62.99	75.55
Japan (456)	182.39	−0.3	149.52	142.27	0.52	182.95	149.40	141.84	182.95	133.61	135.41
Malaysia (36)	138.45	−0.9	113.50	143.49	2.99	139.69	114.07	144.18	154.17	107.83	104.29
Mexico (13)	168.38	−0.2	138.04	421.04	1.29	168.71	137.77	421.49	180.07	90.07	180.62
Netherland (38)	108.19	−1.3	88.69	97.15	5.07	109.57	89.48	97.77	111.00	95.23	99.79
New Zealand (25)	73.31	−1.3	60.10	60.66	6.42	74.25	60.64	61.19	84.05	64.42	78.40
Norway (25)	121.43	−0.6	99 55	109.03	2.66	122.20	99.79	108.72	132.23	98.55	116.87
Singapore (26)	119.46	−1.2	97.93	107.51	2.52	120.88	98.72	109.32	135.89	97.99	99.32
South Africa (60)	121.89	−1.4	99.92	98.68	4.62	123.66	100.98	99.19	139.07	98.26	127.19
Spain (42)	150.52	−1.2	123.39	131.02	3.13	152.36	124.42	132.33	164.47	130.73	122.39
Sweden (35)	131.20	−1.7	107.56	118.14	2.42	133.45	108.98	119.57	133.58	96.92	101.47
Switzerland (56)	83.87	−1.0	68.76	76.15	2.22	84.74	69.20	76.44	86.75	74.13	84.50
United Kingdom (320)	136.17	−0.9	111.63	111.63	4.69	137.47	112.26	112.26	141.18	120.66	120.02
USA (577)	109.26	−0.1	89.57	109.26	3.71	109.37	89.32	109.37	115.55	99.19	100.66
Europe (1011)	113.41	−1.3	92.97	98.73	3.75	114.86	93.80	99.53	114.86	97.01	99.25
Pacific Basin (680)	177.87	−0.4	145.82	139.62	0.74	178.61	145.86	139.37	178.61	130.81	132.10
Euro-Pacific (1691)	152.09	−0.7	124.68	123.35	1.65	153.12	125.04	123.50	153.12	120.36	119.00
North America (702)	109.61	−0.1	89 86	108.92	3.69	109.74	89.62	109.01	116.07	99.78	100.76
Europe Ex. UK (691)	99.09	−1.5	81.24	90.90	2.99	100.61	82.17	91.81	100.61	80.27	86.36
Pacific Ex. Japan (224)	123.83	−2.2	101.52	106.25	4.49	126.59	103.38	108.33	128.27	87.51	92.23
World Ex. US (1889)	150.54	−0.7	123.41	122.56	1.72	151.56	123.77	122.71	151.56	120.26	118.55
World Ex. UK (2146)	134.56	−0.5	110.31	118.73	2.08	135.18	110.39	118.81	135.18	111.77	110.80
World Ex. So. Af. (2406)	134.77	−0.5	110.48	118.18	2.30	135.43	110.60	118.31	135.43	113.26	111.51
World Ex. Japan (2010)	111.74	−0.6	91.61	105.43	3.75	112.47	91.85	105.90	115.54	100.00	100.22
The World Index (2466)	134.69	−0.5	110.41	118.05	2.32	135.36	110.54	118.18	135.36	113.37	111.61

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.